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TODAY:
Behind the Silver Screen Page 10

Hong Kong Asks Court To Explain Birth Ruling

Some See an Attempt To Press Own Judiciary In Bid to Calm Beijing

By Mark Landler
New York Times Service

HONG KONG — Seeking to quell a bitter legal dispute with mainland China, the Hong Kong government filed a motion Wednesday asking its high court to clarify a landmark ruling that had provoked objections from Beijing.

"We have looked at the concerns expressed by a lot of parties," said a government spokesman, Stephen Lam. "Because there has been such great concern in the community, we have decided to seek clarification."

Late last month, the Hong Kong Court of Final Appeal ruled that children born on the mainland of Hong Kong parents had the right to residency here. Officials in Beijing criticized the decision as a violation of the Chinese Constitution and warned that they wanted it "rectified."

The move Wednesday rattled legal experts, who said the Hong Kong government appeared to be pressuring the court to retreat from the ruling before Beijing forced its hand.

"This is close to a government subversion of the court," said Yash Ghai, an expert in constitutional law at the University of Hong Kong. "I would almost prefer if China took the action itself and bore the responsibility."

China has not formally demanded that Hong Kong overturn the ruling.

But many people here say that if the local government does not mollify Beijing, it will likely repudiate parts of the decision during the annual meeting of the Chinese National People's Congress, or Parliament, next month.

Such a move could stain Hong Kong's reputation as an international financial center, which depends in part on having courts that operate without meddling from Beijing.

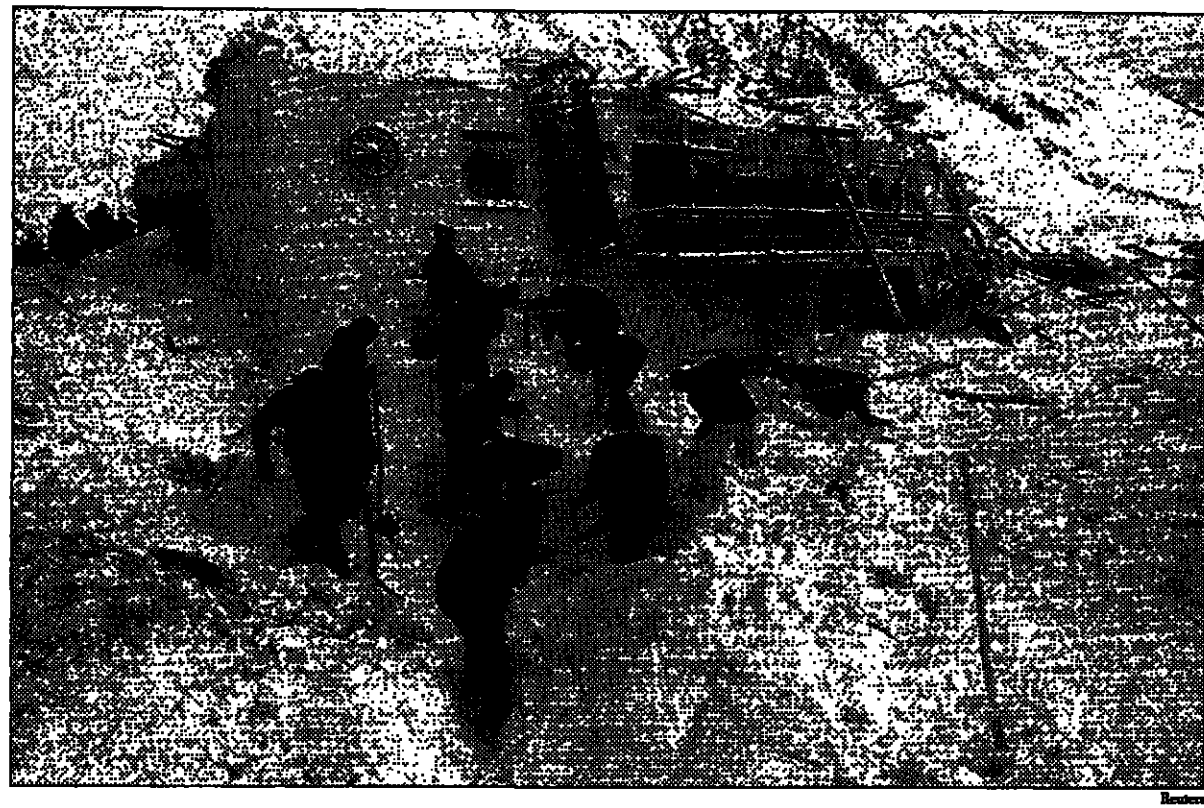
By asking the court to explain its decision, the Hong Kong government is raising some nettlesome legal issues. Lawyers here said they were not aware of a precedent in Hong Kong, or any other common law jurisdiction, for a government to ask its highest court to reconsider a decision.

Mr. Lam insisted that the government was not acting on orders from Beijing, though he acknowledged it had taken China's objections into account. He also said Hong Kong was not trying to overturn the ruling.

"This is a very special case," Mr. Lam said. "It's not like from now on, whenever the court makes a ruling we don't like, we're going to file a motion." In its effort to resolve the dispute, Hong Kong has seized on the fact that Beijing does not object to the substance of the ruling — that some mainland Chinese children have the right to live here. What troubles Beijing is that the court said it had the right to strike down Chinese laws, if they violated Hong Kong's constitution.

Some legal experts here said China was misreading the ruling as an attempt to place Hong Kong's courts above the National People's Congress. Daniel Fung, Hong Kong's former solicitor general who is now a visiting fellow at Yale Law School, said the court had asserted the right to invalidate Chinese laws "only insofar as they affect Hong Kong, not the mainland."

Dozens Still Missing in Austrian Snow Disaster



Rescuers digging in deep snow Wednesday outside an almost buried chalet in the Austrian village of Galtner.

By William Drozdiak
Washington Post Service

BERLIN — As parts of Europe suffered some of the heaviest snows in a half-century, a wave of murderous avalanches roaring through the Alps left at least 16 people dead and dozens missing Wednesday in Austria and stranded tens of thousands of tourists at some of the continent's most elite winter resorts.

In one of Austria's worst snow disasters for decades, the death toll after a 16-foot wall of snow smashed into the Tyrolean village of Galtner on Tuesday rose to 16 Wednesday, with 29 more people missing.

When another avalanche Wednesday buried houses near the neighboring resort of Ischgl, Austrian authorities began laying plans to evacuate the entire region. Six people were reported buried in the latest avalanche.

"This is the kind of catastrophe that we have not had for centuries," said the provincial governor, Wendelin Weingartner, as he supervised emergency operations involving dozens of helicopters ferrying supplies and evacuating the injured to hospitals at Landeck, 25 miles away. Tyrolean police said many of the missing were

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New Clashes In Indonesia Put Military To the Test

Shoot-on-Sight Orders Fail to Stop Religious Violence in Provinces

By Atika Shubert
Special to the Herald Tribune

JAKARTA — Ethnic and religious clashes have killed more than 20 people in the past two days in eastern Indonesia, local media reported Wednesday, just one month after more than 100 people were killed in rioting in the island chain of Ambon.

In a bid to quell further unrest, the Indonesian military has issued shoot-on-sight orders and threatened to court-martial soldiers disobeying the command. After massive riots last month in Ambon, the military mobilized thousands of soldiers to riot-prone areas, but failed to contain two consecutive days of ethnic and religious violence in the provinces of West Kalimantan and Ambon.

At least 3 people in Ambon were shot and killed when soldiers fired upon mobs to disperse them. The Associated Press reported Wednesday. Last week, police officials in Ambon confirmed that soldiers mistakenly fired into a crowd fleeing toward military barracks after an explosion in a residential area. A nun was shot through the neck in the incident.

By Wednesday morning, relative calm had been restored in Kalimantan between feuding Malays and migrants from the island of Madura, but rival Christian and Muslim groups in the province of Ambon continued to patrol the streets armed with machetes, homemade explosives and bows.

Ambon has been the site of the country's worst violence this year and remains tense despite the presence of more than 2,500 troops on the small island chain.

Military officials said that attempts to prevent unrest throughout the archipelago have stretched security forces too thin and more "repressive measures" need to be taken.

In addition to the shoot-on-sight order, the military has started a plan to draft and train more than 20,000 civilians in neighborhood security groups to bolster overworked security forces.

Massive budget cuts and consistent criticism by nongovernmental groups on the military's human rights record have further demoralized the military and eroded public trust.

"We have the responsibility to enforce the law," said Major General Agus Wirahadikusumah, senior advisor to Indonesia's armed forces chief. "But if the people don't abide by the laws, how can we enforce them?"

The fresh violence is the latest in a series of massive riots that have plagued Indonesia since former President Suharto stepped down from power in May and ended his 32 years of autocratic rule.

Elections have been scheduled for June, but President B.J. Habibie is struggling to prevent outbreaks of ethnic and religious violence in previously peaceful regions that threaten to derail election plans in this diverse island nation.

Since Mr. Habibie came into office, at least 300 people have died as a result

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Hard-Liner Resistance Imperils Deal With Kosovars

By R. Jeffrey Smith
and Peter Finn
Washington Post Service

PRISTINA, Yugoslavia — A split within the rebel army fighting for the independence of Kosovo became transparent Wednesday, as several senior rebel commanders who attended negotiations in France indicated a tentative peace accord while a coterie of hard-liners back home appeared to be preparing to try to scuttle the deal.

The division raises the prospect that even if a

majority of the rebel commanders endorse the deal in the next two weeks — an outcome that many ethnic Albanian officials and Western diplomats predict — a hard-line minority might resist a requirement in the accord for general disarmament.

If that happened, it would follow a historic pattern among revolutionary movements confronted by popular demands for compromise and peace and the viability of any cease-fire here would be threatened.

Under the terms of an agreement cobbled together less than two hours before the talks ended Tuesday, the ethnic Albanians said they supported the agreement

"in principle" but needed until March 15 to discuss the terms inside Kosovo and gauge popular reaction. But even if most civilians here support the accord, gaining the endorsement of an estimated 10,000 guerrillas in the Kosovo Liberation Army will be critical to the deal's success.

The debate within the rebel ranks is expected to intensify when the commanders who took part in the talks in France return to the Kosovo capital of Pristina on Thursday.

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AGENDA

U.S. Planes Strike Close to Baghdad

WASHINGTON (AFP) — U.S. jets Wednesday launched their closest strikes to Baghdad since Operation Desert Fox, attacking two surface-to-air missile sites 50 kilometers (30 miles) from the capital, officials said. Air-raid sirens sounded in Baghdad for the first time since Christmas Eve as air defenses opened fire.

Alien Rights in U.S.

WASHINGTON (AP) — The Supreme Court ruled Wednesday that aliens in the United States illegally have no right to ask federal courts to stop deportation based on selective enforcement of immigration rules. The ruling allows the government to deport seven Palestinians accused of supporting terrorism. Their lawyer says the decision limits all aliens' free-speech rights.

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Texas Rangers escorting John William King from the Jasper County Courthouse in Texas after his conviction on murder charges. Page 3.

Olivetti Races To Add Funds For a Heftier Telecom Bid

By Alan Friedman
and Daniel Liefgreen
International Herald Tribune

ROME — Olivetti SpA, fighting fiercely to keep alive its takeover bid for Telecom Italia SpA, was scrambling Wednesday to raise about 23 billion to 25 billion lire (\$13.5 billion to \$14.7 billion) in additional funding, financial sources in Milan said.

They said, however, that it was still unclear by how much Olivetti would increase its original bid of \$58 billion in cash, shares and bonds.

"When we present the formal bid, we may not increase the price immediately," an executive close to Olivetti said.

Analysts predict that the bid will have to be increased by as much as \$10 billion, raising the ante in what is turning into the most dramatic hostile European corporate takeover battle in years.

Shares in Telecom surged past Olivetti's previous offer price of 10 euros per share on last-minute buying Wednesday to close at 10.60 euros (\$11.66), up 5 percent.

That added \$2.6 billion to the market value of the company.

The Milan source said that Olivetti's board, which met late Wednesday, was to approve the calling of a special shareholders' meeting that would authorize Olivetti's management to carry out a 5 trillion-lire capital increase that would help finance the cash component of the bid.

In addition, Olivetti would probably raise another 18 billion to 20 trillion lire through a subsidiary, Tecnost, that is being used as the vehicle for the takeover bid.

Analysts have said the Telecom bid needs to be sweetened if it is to have a

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See DEAL, Page 4

EU Farm Policy, a '60s Concept Gone to Seed in '90s

By Barry James
International Herald Tribune

BRUSSELS — After 37 years of mounting subsidies, Europe's Common Agricultural Policy has become a creaky edifice that consumes almost half the annual budget of the European Union yet leaves millions of farmers rather badly off in relation to the rest of the population.

Conceived when memories of World War II and food shortages were still fresh, the policy was designed to maximize production. By guaranteeing minimum support prices, it rewarded most those who produced most, which means that its benefits have become skewed heavily toward better-off farmers and large corporations.

Yet efforts to shift this aid away from production support toward direct aid to

farmers with the most need have been met with a chorus of protest across Europe.

Fearing loss of income after what has been a bad year for much of European agriculture, tens of thousands of farmers demonstrated Monday

in Brussels. The protest was aimed at agricultural ministers, who began marathon talks aimed at ensuring that spending on the Common Agricultural Policy, which is usually known as the CAP, does not exceed its present annual budget of 40.4 billion euros (\$44.4 billion) from 2000 to 2006.

At stake, the farmers say, is a way of

life, the tissue of European rural society and a program that stands as the most visible symbol of European integration.

Officials at the European Commission, the EU's executive body, which is driving the movement for radical change in the policy, point to various reasons for the proposed reform:

- With governments under pressure to curb public spending to meet the strict criteria for membership in the European single currency, the EU cannot stand aloof from the imperatives of austerity. Solving the farm problem is a key element in reining in the EU's budget in the years ahead.
- Agricultural support is unequally

distributed and is concentrated on regions and producers that are not among the most disadvantaged.

• The policy designed for a community of six nations will not be able to stand the strain of bringing up to 11 more countries, heavily dependent on agriculture, into the 15-nation EU.

- Europe will not be able to engage in forthcoming world trade talks with agricultural prices pegged substantially higher than world prices, nor will it be able to take advantage of the expansion in international markets. Subsidies, protectionism and bureaucratic manage-

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Growing Pains: Why Hopes for Global Biotech Treaty Withered

By Andrew Pollack
New York Times Service

CARTAGENA, Colombia — Attempts to forge the world's first global treaty to regulate trade in genetically modified products failed Wednesday as negotiators could not bridge a divisive gap between American business interests and other nations' concerns for the environment.

The final breakdown came when the United States and a handful of other big agricultural exporting nations rejected a proposed Biosafety Protocol that had the support of the rest of the roughly 130 nations. That blocked the consensus needed for a treaty.

Bleary-eyed delegates from many other nations,

who have been negotiating day and night for more than a week, expressed fury at the United States, accusing it of being intransigent and of putting the interests of its world-leading farming and biotechnology industries above the interests of the environment.

"It's five nations against the world," said Joseph Goto, the delegate from Zimbabwe, referring to Washington and its allies, which actually number six, Canada, Australia and three agricultural exporters from the developing world — Argentina, Chile and Uruguay. "There could be no greater injustice than that." The United States, he added, "is holding the world at ransom."

Officials here said the big stakes involved for industry made it difficult to reach an agreement.

"It's the first time that you have really possible a legally binding instrument dealing with trade and the environment at the same time," said Veit Koecker, a Danish environmental official who chaired the working group that drew up the draft of the treaty.

It perhaps complicated things that the industry involved was biotechnology, which could be the industry of the next century and one in which the United States holds a firm lead. There have been a rising number of disputes in recent years between developing and developed nations over the control of genetic resources, the raw material for biotechnology, which some analysts predict will be the next century's oil and metal were to this one.

The delegates agreed to suspend the talks for now and resume them at some point in the future,

no later than May 2000. The United States had urged this, saying there were still too many unresolved issues to allow a consensus to be achieved by the deadline, which was Tuesday.

"It would be much better to get a sound instrument a year hence than to get a flawed instrument today," said Rafe Ponserance, deputy assistant secretary of state for environment and development.

The Biosafety Protocol would have required exporters of genetically modified organisms, such as seeds into which new traits had been added by gene-splicing, to obtain approval in advance from the importing country. Such regulations are de-

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Newstand Prices	
Bahrain	1,000 BD Mails
Cyprus	€ 1.00
Denmark	17 DKr
Finland	12.00 FM
Gibraltar	€ 0.85
Great Britain	UK £1.00
Egypt	£5.50
France	1,250 JD
Germany	€ 1.20
Ghana	160 GHc
Hong Kong	700 HKd
India	200 Rs
Indonesia	2,000 Rp
Italy	1,000 Lit
Japan	1,000 Yen
Korea	1,000 Won
Malaysia	1,000 M
Mexico	1,000 P
Nigeria	1,000 N
Oman	1,000 R
Qatar	1,000 Q
Saudi Arabia	1,000 R
South Africa	1,000 R
Spain	1,000 P
Sri Lanka	1,000 L
Switzerland	1,000 S
Taiwan	1,000 N
Tanzania	1,000 Sh
Thailand	1,000 B
Turkey	1,000 L
Uganda	1,000 Sh
Ukraine	1,000 H
United States	1,000 D
Uruguay	1,000 P
Zimbabwe	1,000 Z

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THE AMERICAS

Independent Counsel Law Is Bipartisan Target

By Alison Mitchell
New York Times Service

WASHINGTON — As the Senate opens hearings into the statute authorizing independent counsels, the Watergate-era law looks well on its way to becoming a casualty of the impeachment battle, with senators of both parties predicting that it will be heavily revised or killed off entirely.

With sentiment against independent counsels growing in both parties, Senator Fred Thompson, the Tennessee Republican who chairs the Governmental Affairs Committee, said his committee would see in hearings that were to start Wednesday whether there were ways to revise the Independent Counsel Act. But, he warned, "the burden is on those who want to keep it alive in its current form."

Also signaling dissatisfaction with the law under which Kenneth Starr conducted his investigation of President Bill Clinton, Senator Tom Daschle, Democrat of South Dakota, the minority leader, said, "I intend to do what I can to see that it's terminated."

And an unlikely pair of senators — Mitch McConnell, the Kentucky Republican who is chairman of the National Republican Senatorial Committee, and Christopher

Dodd of Connecticut, a former general chairman of the Democratic National Committee — said they would fight together to see the legislation expire when it comes up for renewal this summer.

"In 1978, with the noblest of intentions, both Republicans and Democrats embarked on a path of mutually assured destruction by passing what could be called the ultimate law of unintended consequences," Mr. McConnell said. "In a perverse sort of way the independent counsel law has actually diminished the importance of ethics in government."

"With an independent counsel lurking behind every tree, the public is no longer alarmed when a public official is investigated," Mr. Dodd, who had supported the statute in the past, said that it had "criminalized the political process to such a degree that it's no longer enough to defeat your opponents. If you can indict them and also incarcerate them, then the campaign battle's not over."

Senator Don Nickles, the majority whip from Oklahoma, said that the law is "in trouble." He added, "It has to be reformed significantly or it won't be reauthorized, in my opinion."

Among the many proposed revisions are limits on who would be covered so

that only the most senior government officials, like the president and vice president, could be investigated. Another possibility is limiting investigations to actions that have taken place while an official was in office or seeking office.

Other lawmakers would impose time limits and cost limits.

Whether such changes could save the law is not clear. Mr. McConnell said flatly that the law was not salvageable and hinted that he and Mr. Dodd were prepared to lead a filibuster, if need be, to stop its reauthorization.

The law allowing the appointments of independent counsels was enacted in 1978 as a way to insulate investigations of wrongdoing by high government officials from political interference. It was spurred by the Watergate scandal, during which Richard Nixon ordered the dismissal of Archibald Cox, a special prosecutor who lacked any statutory protection.

The statute requires the attorney general to seek the appointment of an independent counsel when there is substantial and credible evidence of a crime by the president or any of a number of other senior government officials, ranging from the vice president to cabinet members to senior White House staff

members. A panel of three federal judges selects the counsel.

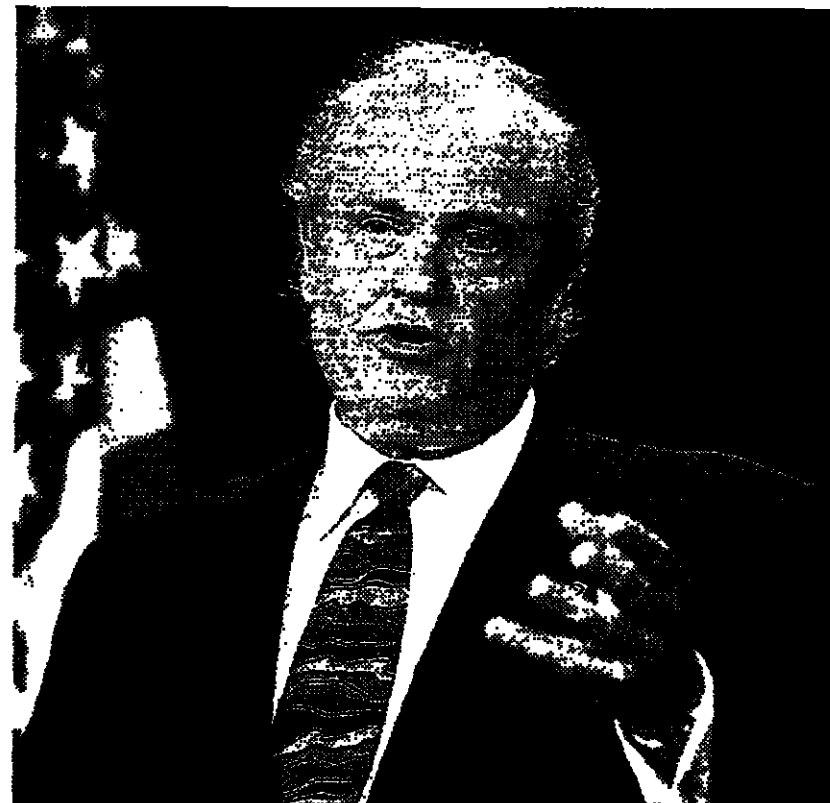
Judges to Examine Reno Probe

Roberto Suro of The Washington Post reported earlier.

The federal judges who appointed Mr. Starr have decided to intercede in an escalating dispute between the independent counsel and Attorney General Janet Reno over her intent to investigate Mr. Starr's handling of the Lewinsky matter.

In a one-sentence order made public Tuesday, the judges agreed to decide whether Ms. Reno's inquiry should be halted, setting the stage for a court battle that will bring to public light a legal feud that has been conducted in secret which could produce new revelations about the origins of the investigation that led to President Clinton's impeachment.

The three federal appellate judges charged with overseeing the independent counsel process acted in response to court papers filed Feb. 16 by the Landmark Legal Foundation, a conservative advocacy organization. The group claimed that the Justice Department lacked authority to investigate an independent counsel and asked that the judges order Ms. Reno to halt her inquiry because of its potential to interfere with Mr. Starr's work.



Senator Fred Thompson, Republican of Tennessee, chairman of the committee reviewing the independent counsel law, briefing reporters in preparation for hearings on whether to retain the controversial law.

POLITICAL NOTES

Buchanan Ready to Run

WASHINGTON — Pat Buchanan, who stunned the political establishment when his low-budget campaign triumphed in the New Hampshire Republican primary in 1996, is preparing a third bid for the White House in 2000, according to several close associates.

On Tuesday, Tom Johnson, president of CNN News Group, announced that Mr. Buchanan had been granted a leave as co-host of the program "Crossfire," beginning Wednesday. "We wish Pat well in his exploration of a possible GOP candidacy," Mr. Johnson said. Some of Mr. Buchanan's associates said he may announce as early as next week.

Apart from his appearances as a commentator, he has laid low in the past three years and not participated in many of the political forums that are frequented by prospective candidates.

But several associates, most of whom spoke on the condition of anonymity, said Mr. Buchanan told them he has grown bored with his television role and believes that the early Republican front-runner, Governor George Bush of Texas, was not as inevitable a nominee as was Bob Dole, the former senator from Kansas, four years ago.

Given Mr. Buchanan's passionate support among cultural conservatives in states with early contests, his candidacy would immediately complicate the race. Others who are already fiercely competing for their support include former Vice President Dan Quayle; Steve Forbes, the publishing magnate; Senator Bob Smith of New Hampshire; and Gary Bauer, who was head of the Family Research

Council. Like Mr. Bush, Elizabeth Dole, the former American Red Cross president, is undeclared but considered formidable.

Mr. Buchanan, 60, has long been underestimated as a politician. In his first bid for public office, he humiliated President George Bush by drawing more than 37 percent of the vote in the New Hampshire primary in 1992.

Four years later, Mr. Buchanan won the New Hampshire primary with 27 percent of the vote, a point ahead of Mr. Dole. And he came close to defeating Mr. Dole in the crucial Iowa caucuses, drawing 23 percent, compared with 26 percent for Mr. Dole. Mr. Buchanan was also victorious in three other early caucuses, Alaska, Louisiana and Missouri. (NYT)

Daley Wins Third Term

CHICAGO — Mayor Richard Daley easily extended his family's political dynasty, defeating former Black Panther Bobby Rush to win a third full term. Mr. Daley won the election on Tuesday on the strength of a booming local economy, a highly publicized school reform program and sweeping efforts to give America's third-largest city a facelift.

Mr. Daley told cheering supporters that his victory was "a vote of confidence in our city and the direction we have charted together." Mr. Daley carried predominantly black wards and won support in every part of the city.

"This victory was built with votes from all Chicago neighborhoods," Mr. Daley said.

Mr. Rush, a four-term congressman, trailed badly throughout the race, which showed that Mr. Daley, like his father before him, has

Chicago all sewn up.

With 97 percent of the precincts reporting Wednesday, Mr. Daley had 418,211 votes, or 72 percent, to Mr. Rush's 160,567, or 28 percent. Mr. Daley avoided a runoff by receiving more than half the vote in the non-partisan primary.

In another election Tuesday, a Republican with a reputation for consensus-building won a special election for the House of Representatives seat vacated by Newt Gingrich. The only suspense for Johnny Isakson in a staunchly Republican suburban Atlanta district had been whether he would get a majority in the seven-way race and avoid a runoff.

Mr. Isakson, a moderate known for his ability to cooperate with Democrats, easily defeated six other opponents. With all precincts reporting, Mr. Isakson had 51,548 votes, or 65 percent, followed by Christina Jeffrey, a professor at Kennesaw State University, with 20,116 votes, or 26 percent.

Gary Peplurey, the lone Democrat on the ballot, had 4,014 votes, or 5 percent. No other candidate had more than 2 percent. (AP)

Quote/Unquote

Senator Trent Lott, the Majority Leader from Mississippi, after his first meeting with President Bill Clinton since the impeachment trial: "Our job here in Washington is to do the people's business, and that's what we're going to do. We're going to work together, hopefully across the party lines in the Congress and with the administration, to do what the American people expect of us." (W/P)

Republicans Are Warned Not to Snipe Inside Party

By Richard L. Berke
New York Times Service

WASHINGTON — In a stern lecture to prospective presidential candidates in 2000, Jim Nicholson, chairman of the Republican Party, has warned that he will publicly rebuke any contender who personally attacks another Republican.

"Do not let it become personal or nasty or mean in spirit," Mr. Nicholson said Tuesday in a speech in Des Moines, Iowa, the state that traditionally holds the first presidential caucuses. "Even in the heat of the struggle, make sure you don't confuse people about who the real adversary is. Because if you sow division within Republican ranks, because if you forget who and what all Republicans are fighting for and fighting against, you will pay a price — I promise you."

Although it was a highly unusual statement at a time when most candidates have not yet formally declared their intentions, people close to Mr. Nicholson said he was trying to tamp down the sniping at Governor George Bush of Texas.

Mr. Bush has not stated his intentions, but he is running far ahead in most early polls. Several of his prospective rivals have already sought to knock him down by questioning his credentials and his "compassionate conservative" slogan.

Some Republican advisers said Mr. Nicholson timed the warning to precede the appearance of several presidential prospects — but not Mr. Bush — at a gathering of the California Republican Party this weekend in Sacramento.

In a telephone interview, Mr. Nicholson said that some mailings from Republican candidates were "rougher than I would have liked," but that he would not identify those that bothered him. And he insisted that he did not believe that any of the criticism of Mr. Bush or of other candidates was thus far out of bounds.

Several people close to Mr. Nicholson said they thought Haley Barbour, the former party chairman, cited in 1996 by not halting Steve Forbes's multimillion-dollar attacks on Bob Dole.

"We're trying to avoid a bloodbath," Mr. Nicholson said in the interview.

An adviser to Mr. Nicholson, who did not wish to be named, was even more blunt. "There's a concern that's beginning to curdle into unrestrained terror," the adviser said, "that we're going to have a replay of '96. Gore raises his \$30 million in 90 days, banks it until he goes on TV — and blasts our guy. And the Republican nominee emerges bloody and broke."

Texas Jury Delivers Swift Conviction in Racist Killing



Ross Byrd, son of Mr. Byrd, comforting his sister, Renee Mullins, after the verdict.

JASPER, Texas — With exceptional swiftness, a jury has declared John William King, a white man, guilty of murder for dragging a black man to his death behind a pickup truck. They weighed evidence Wednesday on whether he should be sentenced to death.

The jury began deliberations Tuesday after less than five days of testimony and barely an hour of closing arguments, chose its only black member as foreman and returned two and a half hours later with the strongest possible verdict.

"Justice has been served," said a tearful Mary Verette, one of James Byrd Jr.'s sisters, as she emerged from the Jasper County Courthouse. "It was not decided on emotion but on facts, and that's all we wanted. It could've happened anywhere in this nation, but it fell on us."

Mr. King, 24, slumped slightly as the verdict was read by Judge Joe Bob Golden

of State District Court but showed no other emotion. Mr. Byrd's relatives and others in the courtroom burst into applause as the jury rose to leave after the announcement.

Mr. King is one of three white men charged with killing Mr. Byrd, 49, in the early hours of June 7, 1998, dragging him on a chain behind a pickup truck for three miles down rural roads in the pine woods east of Jasper.

Trial dates have yet to be set for the other defendants, Lawrence Russell Brewer, 31, who met Mr. King when the two were in prison, and Shawn Berry, 23, who has known Mr. King since high school.

Prosecutors argued that Mr. King was plotting to form his own white supremacist gang in Jasper — the Texas Rebel Soldier Division of the Confederate Knights of America — and had hoped to use the grisly death of a local black man to help recruit members and, perhaps, to provide a blood initiation for

Mr. Berry. "I think any jury in the country would have decided it the same way," said Guy James Gray, the Jasper County district attorney. "You can't put up with this sort of stuff. You can't tolerate it."

Gray and others said they were not surprised that it took the jury so little time to come to a verdict.

"The evidence was overwhelming," said Ethel Parks, a black Jasper resident who came to the courthouse to hear the verdict. "For once, they did something right in Jasper."

In the punishment phase of the trial, both sides will argue which of the two potential sentences, death by lethal injection or life imprisonment, should be given to Mr. King. Prosecutors said they expected the jury, whose decision will be final, to begin deliberating on punishment as early as Thursday.

AMERICAN TOPICS

In U.S., Teen Witches Are a Brewing Trend

Should parents worry if they find their teenage daughters huddling in a darkened room, amid candles and incense, chanting mysteriously while mixing, say, eye of newt and toe of frog, wool of bat and tongue of dog?

All right, forget the tongue of dog. But the fact is, juvenile witchery, for fun or otherwise, has grown hugely in popularity among teenage girls, and books offering spell-casting instructions have become best-sellers.

One of them, "Teen Witch: Wicca for a New Generation," offers everything (it says) that a kid needs to become a "pentacle-wearing, spell-casting, completely authentic witch!" That includes instructions for such uniquely teen rituals as the Bad Bus Driver spell, the UnGround Me spell and the Just-Say-No spell, reports U.S. News & World Report.

"Teen Witch," in its third printing, is part of a New Age boom spawned by such films as "The Craft" and "Practical Magic" and the popular television program "Sabrina the Teenage Witch."

Some child-development experts, however, find the how-to sorcery books vaguely creepy and troublingly authoritative-sounding. The U.S. Catholic Conference frowns on spells that, for example, incorporate stuffed animals and "holy water."

Not to worry, says Silver Ravenwolf, the pseudonymous author of "Teen Witch." Her young readers will not be sacrificing the family pet. She disavows Satanism. Educators, meanwhile, say that if parents find their children with books on witchery they should sit down for a good talk — not take the books away.

But this is no Victoria's Secret lingerie ad; it is a 67-year-old woman in a girdle, proudly showing off her age spots and ample waistline.

Bucknell University is exhibiting a photograph that Melanie Manchot, 32, shot of her mother, Margaret. It is artwork posing as advertising, a statement, says the younger Ms. Manchot, about "empowerment."

"Look at you loving me," reads the slogan.

Not all in the conservative town are loving her, however. But Christiane Anderson, a Bucknell art history professor, strugs off the criticism.

"Is she beautiful? Why do we think she is, or why do people not think she is? It tells us everything about our society."

Something about the eye of the beholder?

Brian Knowlton

Away From Politics

• Karl LaGrand, a German citizen convicted of a 1982 killing in Arizona who asked to be executed by cyanide gas rather than by injection was a temporary stay from an appeals court that ruled the method cruel and unusual punishment. (AP)

• James Rodden, a convicted killer who sought clemency in Missouri after Governor Mel Carnahan commuted the sentence of another death-row inmate — at the urging of Pope John Paul II — was executed by injection. (AP)

• Three satellites, including the first ones built by South Africa and Denmark, have been launched into orbit from Vandenberg Air Force Base in California after 11 mostly weather-related delays. (AP)

• An Indiana man has allegedly admitted to setting fire to as many as 50 churches in 11 states. (AP)

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LEISURE

Travel deals, art exhibits, restaurant reviews and movie guides are just a few of the things you'll find in the Leisure pages. Written with the international reader in mind, this column offers a broad range of options on how to spend leisure time, regardless of where in the world you may be traveling. Every Friday in the International Herald Tribune.

INTERNATIONAL

Castro, Seeing Ruse by U.S.,
Revives Cold War RhetoricBy Serge F. Kovaleski
New York Times Service

HAVANA — President Fidel Castro has escalated political attacks against the United States and anti-government Cuban dissidents to a level not seen here since the Cuban Air Force shot down two civilian planes flown by anti-Castro activists from Miami three years ago.

The graying Cuban leader contends that the Clinton administration's decision last month to ease the U.S. economic embargo against this Communist-ruled country is a ploy aimed at continuing efforts to undermine his 40-year grip on power.

Reviving the ideologically charged rhetoric of the Cold War, Mr. Castro recently convened a special session of the National Assembly to consider harsh new penalties for dissidents, especially those seen as sympathetic to U.S. policies.

The Assembly's unanimous approval of the measures this month has sparked concern among foreign diplomats and human rights workers that Mr. Castro may be ushering in an era of greater repression in this Caribbean island nation of 11 million people.

Already, some Americans visiting Cuba — some in violation of U.S. law, some with special permission from the State Department — say that Cubans have been reluctant to meet with them. But some independent Cuban journalists have continued to risk the wrath of officials here by speaking on the U.S. government's Radio Marti, which is opposed to the Castro rule.

Several top Communist Party officials have attacked Washington for refusing to lift completely the economic sanctions it imposed on Cuba 38 years ago.

The official party newspaper, Granma, has carried front-page stories attacking U.S. policies, saying in one article that the laws recently passed here are "a matter of refusing to allow the U.S. government to carry out its death sentence on the Cuban revolution."

Meanwhile, on the economic front, Cuba said it would cut the bulk of its telephone links with the United States at midnight Wednesday if it did not receive overdue U.S. telephone service payments.

Several U.S. phone companies are withholding the payments, awaiting the outcome of a Florida court case involving efforts to seize Cuban assets in the United States by the relatives of the four Cuban Americans killed when their small planes were shot down off Havana in 1996.

The latest anti-American backlash began Jan. 5, when President Bill Clinton announced that he would further relax restrictions on U.S. trade and commerce in Cuba under a policy

that aims to encourage activities by Cuban charities affiliated with nongovernmental organizations while circumventing the Cuban government.

The measures would include increasing direct charter flights to the island, resumption of direct mail service, authorization for any U.S. citizen to send up to \$1,200 a year to recipients in Cuba — a right now reserved for relatives — and permission for U.S. companies to sell food, fertilizer and farm equipment to independent farmers and private restaurants.

Although many Cubans have welcomed Mr. Clinton's gesture, Mr. Castro was infuriated, calling it a "fraud" that did nothing to ease the sanctions while enhancing U.S. ability to exert influence within Cuba.

"They have sought to deceive the world, saying they relaxed the blockade. Incredible!" he declared in a speech this month.

Last month, the state-run newspaper *Tricontinental* said the embargo cost Cuba \$800 million in 1998 — and more than \$60 billion since it was imposed after Mr. Castro declared Cuba a Marxist-Leninist state in 1961 — as a consequence of extra shipping costs, tougher credit conditions, higher import prices and lower export revenues, among other things.

Cuban officials characterized the easing of the blockade as a public relations stunt intended to soothe opposition to the sanctions within the international community and U.S. foreign policy circles.

They also said they were dismayed that in approving the new steps, President Clinton had rejected a proposal from two dozen senators of both parties to establish a commission to review all aspects of U.S. policy toward Cuba, including the embargo.

Havana has not suggested it will reject the steps proposed by Mr. Clinton but has said it will study the particulars before making any decisions.

U.S. officials defended the latest easing, the second such move in less than a year, as a humanitarian decision designed to help the people of this impoverished nation, which daily faces food and other shortages.

"Most people would consider the measures a nice gesture, not something awful," a senior State Department official said. "It is important to think that the United States is trying to create independent spheres in Cuba to overthrow the government. We are trying to build a civil society to pave the way for an orderly transition."

The official said the Clinton administration had decided against the special bipartisan commission because it would have been a very time-consuming endeavor, adding that adopting the current steps was considered more productive.

Sarah Kane, 28, Playwright
With Nihilistic Themes, DiesBy Warren Hoge
New York Times Service

LONDON — Sarah Kane, 28, a provocative playwright whose bleak view of the limitations of human relationships and graphic dramatizations of violence and sex earned her a reputation as an *enfant terrible* of the British theater, died Saturday in London.

She was found hanged in her room at King's College Hospital where she was reportedly being treated for depression. The police said they were treating the case as a suicide.

Ms. Kane exploded onto the London theater scene at the age of 23 with her nihilistic first play, "Blasted," in a precocious debut that shocked critics and brought her a flood of denunciations in the tabloids as a promoter of depravity.

The play depicted a rampaging soldier raping another man and then gouging out his eyes, eating his tongue and forcing him to cannibalize a dead baby.

No play or playwright had caused such outrage since Edward Bond had an infant being stoned to death in a baby carriage in his play "Saved" 30 years earlier on the same Royal Court stage.

The theater, which has had a policy of presenting bold new playwrights since its

1956 success with John Osborne's ground-breaking "Look Back in Anger," stuck by Ms. Kane and staged two of the three other plays she was to write in her short high-profile career.

One of them, "Cleansed," last May, brought forth a fresh cascade of negative comment on violent scenes.

Walter Lini, 57

NEW YORK — The Reverend Walter Lini, 57, an Anglican priest who led the 83 Melanesian islands of Vanuatu and their 172,000 people to nationhood, died Sunday. The former prime minister governed the country for 11 years before he stepped down in 1991.

Mr. Lini was born on Pentecost, one of the larger of what were then the New Hebrides, a Y-shaped cluster of islands administered jointly by Britain and France.

He had studied for the ministry in New Zealand and was serving as a priest and as leader of the New Hebrides National Party when the colonial rulers announced plans to withdraw by 1980.

Because his party dominated the colonial Parliament, Mr. Lini was poised to become prime minister. But a month before independence, a French-speaking planter named Jimmy Stevens led

600 bowmen to take control of the island of Espiritu Santo. Supported by some local French-speakers, Mr. Stevens wanted to withdraw the island from the about-to-be-proclaimed nation of Vanuatu, which means "Our Eternal Land."

Mr. Lini sought aid from Britain, which, over the objections of France, reluctantly sent 200 marines, who served as peacekeepers on Espiritu Santo long enough for the independence ceremonies to proceed on schedule.

Gene Siskel, 53, Critic

NEW YORK — Gene Siskel, 53, the taller half of the popular Siskel & Ebert team of movie reviewers, died Saturday at a hospital near his home in Chicago, two weeks after leaving the long-running syndicated television program for further recuperation from brain surgery last May.

He with his portly partner, Roger Ebert, had made their signature thumbs up — or down — verdicts a powerful influence over a movie's success or failure.

Mr. Siskel, the movie reviewer for The Chicago Tribune, and Mr. Ebert, the critic for The Chicago Sun-Times, teamed up for a local public television program, "Opening Soon at a Theater Near You."

BRIEFLY

Israeli-Lebanon Clash

MARIJAYOUN, Lebanon — Israeli warplanes attacked guerrilla infiltrators Wednesday near the Lebanese-Israeli border after a gun battle between the guerrillas and Israeli-armed militia, security officials said.

There was no word on casualties from the air strike or from the rocket, mortar and artillery exchanges. There was no immediate comment from Israel on the fighting.

The action came a day after three officers of an Israeli commando unit were killed and five wounded in a Hezbollah guerrilla ambush in southern Lebanon. (AP)

Eritrea Reports Attacks

ASMARA, Eritrea — Eritrea said fighting with Ethiopian forces raged for a third day Wednesday at disputed border territory around Badme.

Ethiopia launched a ground offensive Tuesday along the Mereb-Sett front near Badme in an attempt to recapture land occupied by Eritrea in May. The thrust was preceded by a daylong artillery barrage and backed by Ethiopian planes.

"There is very intense fighting all along the Mereb-Sett front," the Eritrean government spokesman, Yemane Gebremeskel, said Wednesday in Asmara.

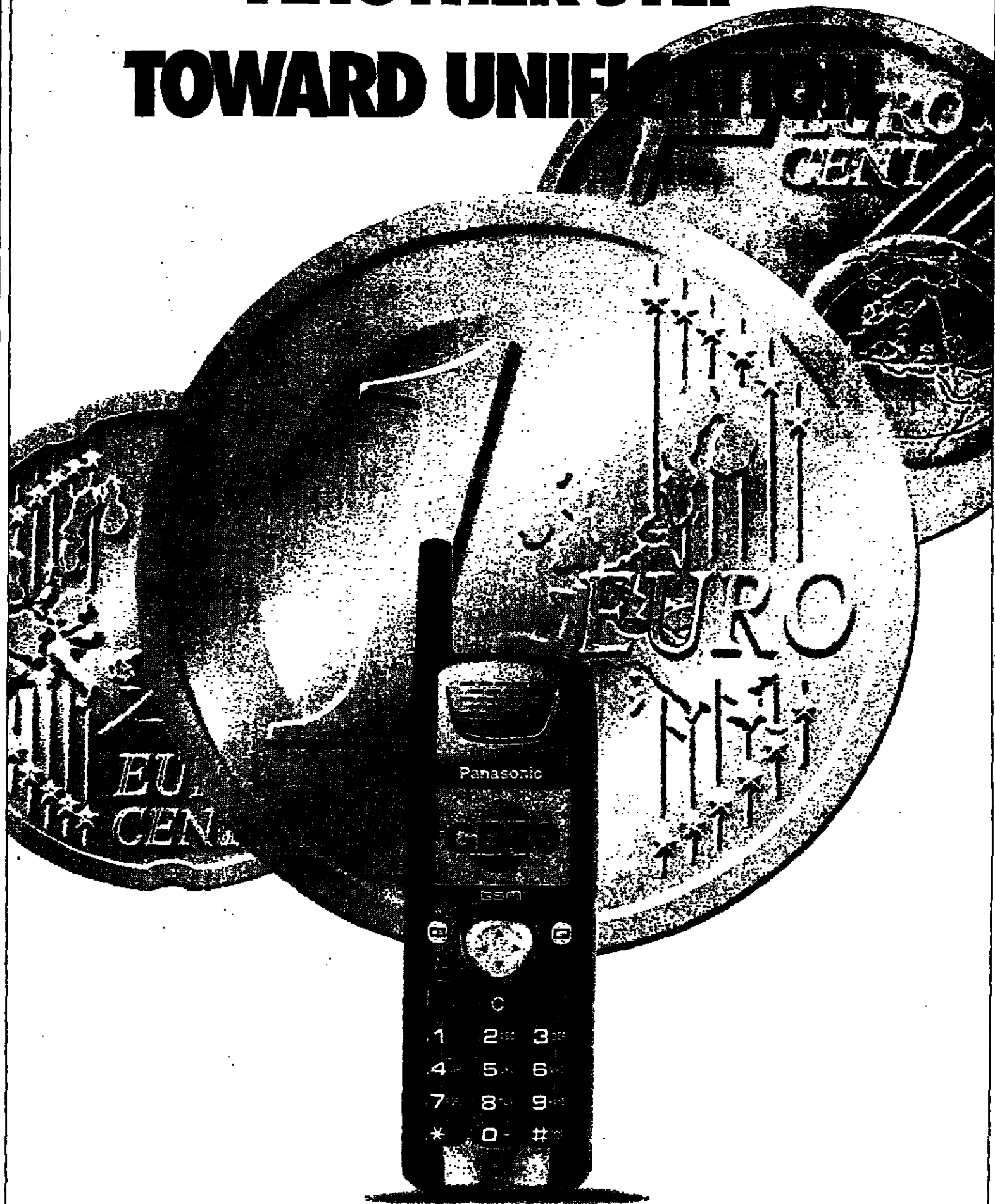
Initial fighting on two other fronts east of Badme died down by Wednesday, leaving Badme the only focus of the conflict, according to Mr. Yemane. (Reuters)

Brazil May Lift Ban

BRASILIA — Marcio Lacerda, who has taken over as president of the Brazilian government's Indian Foundation, has proposed lifting bans on logging and mining on Indian reservations so that Indians could derive revenue from these activities.

Mr. Lacerda, a former senator and state deputy governor, was chosen to head the foundation, known as FUNAI, after the death of the organization's president, Sullivan Silvestre, in a plane crash earlier this month.

"Outright bans have resulted in smuggling and illegal mining," he was quoted as saying in O Estado de Sao Paulo. "Done with guidance and assistance, the extraction of mahogany and mining can be a source of revenue for this population." (Reuters)

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INTERNATIONAL

In Germany, an Asylum Seeker Fell Into Limbo, Then Into Death

By Roger Cohen
New York Times Service

GUBEN, Germany — Fresh white paint has been applied where Nazi swastikas were daubed, and where the young Algerian immigrant lay and bled to death, carnations, tulips and irises are strewn.

For Farid Guendoul, 38, the end came suddenly in this depressed East German town. Here the hopes of a studious young man in flight from the Algerian bloodbath met the racist violence spawned by Germany's uneasy unification of a capitalist West and a formerly communist East.

The evening began innocently for Mr. Guendoul at the Dance Club. Then a group of neo-Nazi skinheads arrived. An altercation. Frantic flight. An attempt to plunge through the glass door of an apartment building as his pursuers screamed "Ausländer raus!" ("Foreigners Out!")

A severed artery in his knee. "He bled to death in 15 minutes," said Petra Hertwig, a spokeswoman for the state prosecutor's office in the nearby town of Cottbus. Four neo-Nazi youths have been arrested on charges of manslaughter and breach of the peace.

The image of a young Algerian hounded to his death Feb. 13 by racists hurling abuse has shocked Germany, stirring ministers to appeal for "civic courage" to fight xenophobia and prompting renewed questioning about the country's immigration policy. Yet, in its way, this was a predictable death.

The state of Brandenburg, surrounding Berlin, has become home to a particularly noxious form of racism. As in most of the former East Germany, unemployment is high, disappointment with a decade of "capitalism" rampant, closed habits of mind still widespread and anger simmering. Last year, 93 racist attacks were recorded there, including several that led to severe injury.

While the situation in the western part of Germany is far less tense, the problems of Brandenburg underscore the difficulties Chancellor Gerhard Schröder has faced in trying to push through new laws that would make it easier for many of Germany's seven million foreigners to become German citizens.

In Guben, where Mr. Guendoul arrived 18 months ago to seek asylum, the large textile factory of the communist era has closed. The hat factory limps along. The chemical plant uses a tenth of the labor force of a decade ago.

Of its 10,000 industrial jobs in 1989, 2,000 are left today and the unemployment rate has reached 23 percent. More than 6,000 people have departed. That leaves a population of 27,000 in this town, where the hopes kindled by the fall of the Berlin Wall have turned to ashes.

"A lot of people expected a different kind of development, and they are disappointed," said Gottfried Hain, the mayor. "There is a general feeling of being besieged by competition, and that

can lead to resentment of foreigners. Among young people, the search for identity gives rise to these racist gangs."

The town is particularly tense because it lies on the Polish border. Many of the more than 100,000 asylum seekers who pour into Germany every year cross that border and the nearby Czech border seeking to benefit from Europe's most liberal asylum laws.

More than 250 are lodged in the two centers for asylum seekers in the Guben area, low-slung prefabricated homes surrounded by barbed-wire fences. The rooms are adorned with pin-ups, television blare constantly, and the air is heavy with the pall of boredom, stale food and unwashed clothes.

This is a peculiarly German labyrinth, formed by an uneasy combination of a still-liberal attitude toward asylum seekers rooted in memories of what political persecution can mean and a growing bureaucratic wariness driven by the pressure of foreigners on an ailing economy. Mr. Guendoul walked into it, never to emerge.

Like many others, Mr. Guendoul was rejected for asylum last year. What can be a very long period of limbo began. Appeals are permitted, but they can take

years. Pending judgment, the foreigner is not allowed to work or to attend a university, or indeed do anything but wait.

Mr. Guendoul waited. He was by no means alone. At the center, there are children who were born there and who are already in school. Some asylum seekers have been here more than seven years. Everyone receives food, lodging, free medical care, about 400 Deutsche marks (\$220) a month in cash and coupons valid in local stores, and 500 DM a year for clothing.

Although the number of committed neo-Nazis, the kind who drove Mr. Guendoul to his death, appears to be small, racism seems deep-rooted in towns like Guben.

The eastern part of Germany was an essentially closed society for 44 years — from 1945 to the fall of the Berlin Wall. It was under one form or another of dictatorship for 56 years — from Hitler's rise to power in 1933 until 1989. Anger at disorienting, and generally disappointing, change has embittered minds that were long closed and essentially nationalistic.

"Remember, the East German Communists thought of themselves as the best Communists," said Barbara John,

Berlin's commissioner for foreigners. "There was a strong thread of nationalism. And there was no openness to foreigners because there were hardly any."

All this, with the steep economic decline that has followed, creates a dangerous brew.

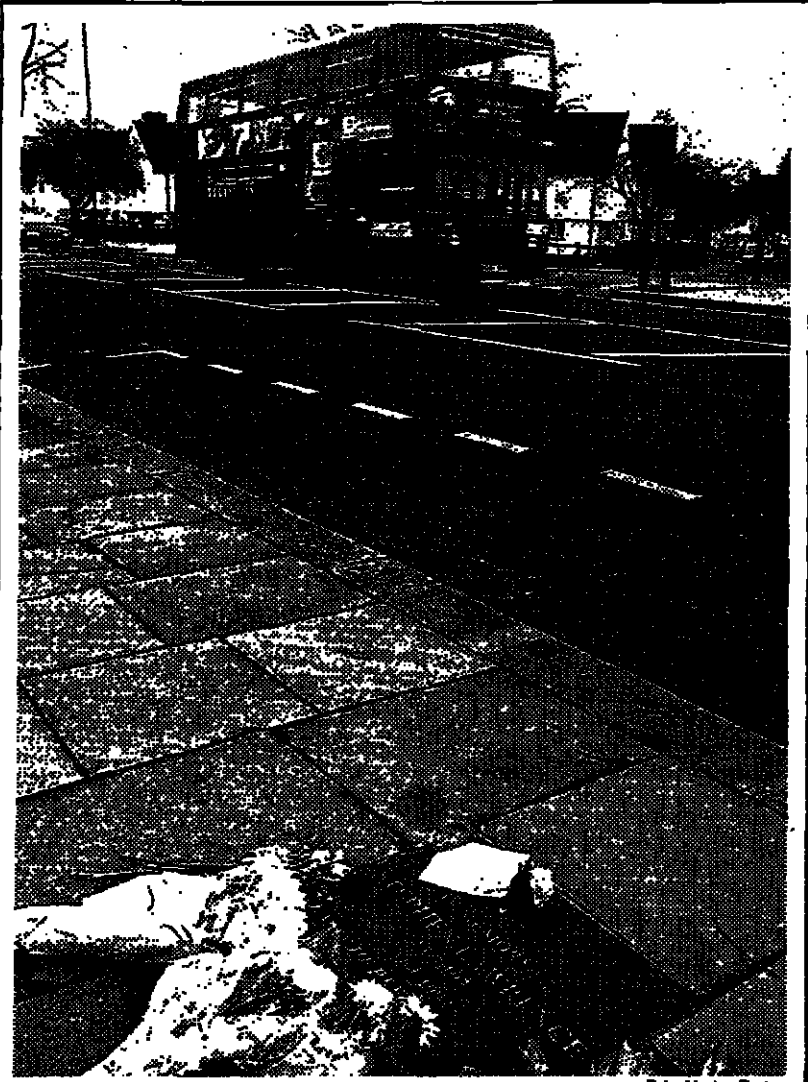
■ Opposition Goes on Offensive

Chancellor Gerhard Schröder defended himself Wednesday against opposition charges of incompetence after his government backtracked on a second major project, the reform of Germany's 1913 citizenship law. The Associated Press reported from Bonn.

During a debate in Parliament, opposition leaders accused the government of arrogance and a lack of direction on everything from taxes to foreign policy.

Only hours earlier, the government bowed to the opposition and dropped plans to offer dual nationality to foreign residents as a way to better integrate them into society.

Mr. Schröder defended his record in an unusually combative speech, although he conceded there had been "some justified criticism."



BRITAIN CONFRONTS RACISM — A memorial marks the London bus stop where Stephen Lawrence, a black teenager, was murdered in 1993. An overhaul of race laws was ordered Wednesday after a report criticized the police force's handling of the murder.

BRIEFLY

Ukrainian Ex-Leader Seeks Asylum in U.S.

KIEV — Ukraine's fugitive former prime minister, Pavlo Lazarenko, is seeking political asylum in the United States, where he was detained over the weekend, his party said Wednesday.

Mr. Lazarenko faces charges of large-scale corruption in Ukraine. He was detained over the weekend by U.S. immigration authorities in New York.

The U.S. Immigration and Naturalization Service says the detention had nothing to do with the corruption charges but was linked to Mr. Lazarenko's having improper documents. It said he could be forced to leave the United States. (AP)

Swiss Halt Lawsuit Against Bank Critic

BERN — The Swiss government has ruled out further action in a lawsuit against a lawmaker who criticized the country's role in World War II, the Justice Ministry said Wednesday.

Last August, a group of 21 Swiss conservatives filed the lawsuit against Jean Ziegler, alleging he spread "inaccurate and biased information" in his book "Switzerland, Gold and the Dead," and that this endangered national security.

Wednesday's decision implied no judgment on the substance of the allegations against Mr. Ziegler's book, the ministry said. (AP)

Berlin March Honors Kurds Shot by Israelis

BERLIN — Thousands of demonstrators marched through Berlin on Wednesday to honor three Kurds shot by Israeli soldiers during a week-long protest over the capture of the Kurdish rebel leader Abdullah Öcalan.

About 6,000 people followed two hearses decorated with flowers and carrying the coffins of Semra Alp, 18, Ahmet Acar, 34, and Mustafa Kurt, 29. (AP)

Paris Seeks End to Blood Trial

Prosecution Seeks Acquittals in AIDS Contamination Case

PARIS — A state prosecutor asked a court Wednesday to clear former Prime Minister Laurent Fabius and two former government ministers of charges of manslaughter in a trial over a scandal of AIDS-tainted blood.

Jean-François Burgelin, the prosecutor, said the two-week-old trial in a special court had failed to produce evidence that the former officials had committed a crime.

"I do not think that the case deserves sentencing by your high jurisdiction; my conclusions are therefore leaning towards acquittal," he told the Court of Justice of the Republic comprising parliamentarians and professional judges.

Victim groups say that at least 3,600 people were infected with the HIV virus through tainted blood transfusions during surgery and blood-derived products that hemophiliacs use to control bleeding. They say at least 1,000 have died.

Mr. Fabius, who was France's youngest prime minister when in office from 1984 to 1986; Edmond Herve, secretary of state for health in Mr. Fabius's government; and Georgina Dufour, who was minister of social affairs, face up to five years in jail if convicted of negligence and delaying screening of blood donors for the HIV virus in 1984-85.

Mr. Fabius, 52, a Socialist who is now speaker of the lower house of Parliament, has denied accusations of complicity in keeping the blood screening test developed by the U.S. drugmaker Abbott Laboratories off the French market while France's own Pasteur Institute completed development of its own rival product.

The former ministers told the court, specially set up to try them, that they did their best to deal with the budding epidemic in the mid-1980s and history had been rewritten to blame them for the deadly infections. They argued they did not realize the extent of the AIDS threat.

By R. Jeffrey Smith
Washington Post Service

BELGRADE — After 18 days of negotiations, it was Hashim Thaci, a 29-year-old guerrilla leader at the helm of the ethnic Albanian negotiating team in Rambouillet, France, who surprised Western diplomats by refusing to give his unconditional approval to the accord to end the conflict with Yugoslavia.

The result has been to defer by at least three weeks a Western plan to gain the ethnic Albanians' approval and use it as a lever to pressure the Belgrade government and its Serbian counterpart into also saying yes — a strategy that would be backed up by the threat of NATO air strikes.

A senior U.S. official warned that as a result of the resistance shown by the ethnic Albanians, "the Serbs will be much, much tougher." He added: "It's goofy. We expected them to be the focal point of international pressure, not the ethnic Albanians."

The U.S. ambassador to Macedonia, Christopher Hill, the chief U.S. Kosovo mediator, noted that some of the 16-member ethnic Albanian delegation had objected to the absence of a guaranteed referendum in three years to determine Kosovo's political status.

Such a vote would almost certainly be overwhelmingly in favor of independence for the province and its ethnic Albanian majority. But Mr. Hill said the principal sticking point was the rebels' wariness about submitting to disarmament by North Atlantic Treaty Organization peacekeepers.

Mr. Hill said that Mr. Thaci "kept getting calls from the field saying this was a bad deal — that by not accepting this, they could keep the war going and eventually NATO would be forced to intervene anyway."

"But I kept saying," Mr. Hill said, "you cannot have NATO without a political settlement."

A senior U.S. official said the plan "was to get the ethnic Albanians to accept a comprehensive agreement" in return for deployment of NATO troops in Kosovo. "Rambouillet was supposed to be about putting the rebels to bed, not about putting the rebels to bed because of the miscalculation we made about the Albanians."

It was an error made not only by Secretary of State Madeleine Albright,

who spent the final three days at the talks, but by scores of other top Western diplomats.

The outcome let the air out of NATO's threats of an imminent air strike against a recalcitrant government in Belgrade, and many Yugoslav analysts saw it as at least a short-term triumph for Mr. Milosevic's stand-pat negotiating tactic.

U.S. officials assigned part of the blame for the failure to achieve a final settlement to Adem Demaci, the Kosovo Liberation Army's political representative, who refused to attend the talks. After first advising his colleagues in the rebel army against taking part in the

negotiations, Mr. Demaci met Friday morning in Slovenia with Mr. Thaci and encouraged him to take a hard-line tack. U.S. officials said. "It was the man who wasn't there in France who blew it up," one official said.

But others close to the talks said the problem was larger. The Kosovo Liberation Army "is afraid of its future," a European diplomat said. "Psychologically, they have problems dissolving their organization. This was the main obstacle to signing them up."

They did not get enough assurance that NATO "would not be directed against them" as well as against government troops, the diplomat said.

KOSOVO: Rebels Split on Peace Accord

Continued from Page 1

They were expected back Wednesday, but the Yugoslav government threatened to block their passage through the Pristina airport, as it did briefly when they left for France. U.S. and French officials were later able to obtain a promise from the government that its troops would not threaten the rebel commanders.

The chief opponent of the accord is Adem Demaci, a Kosovo Liberation Army political spokesman who initially opposed the negotiations and urged the commanders who took part to reject the draft accord.

While 37 members of the Liberation Army attended the talks, including five official delegates drawn from its top political leadership, Mr. Demaci was holding meetings in Kosovo with military commanders to persuade them that any deal was a mistake, according to sources here.

Mr. Demaci complained that attaining Kosovo's independence was the only acceptable goal for any political settlement, and that the absence of a clear reference in the accord to a future referendum in which Kosovo citizens could vote for independence meant the path to this goal was not ensured.

He also emphasized that NATO troops could not be trusted to protect ethnic Albanians until independence was achieved, and insisted that provisions requiring the rebels to disarm would leave the population vulnerable.

U.S. and other Western officials were blindsided by Mr. Demaci's campaign against the treaty, because they had con-

cluded that the rebel commanders' decision to participate in the talks over Mr. Demaci's objections meant that it was he who had been politically sidelined.

After hearing Mr. Demaci's arguments, various military commanders telephoned Rambouillet, France, where the talks were being held, to raise objections. These calls had a particular impact on Hashim Thaci, the rebel commander who led the ethnic Albanian delegation.

Mr. Thaci attempted to pressure other delegates to oppose the deal, and raised objections up to the last few minutes of the talks, according to Western diplomats and ethnic Albanian sources. His efforts came as a surprise to Western diplomats, because Mr. Thaci's comments earlier in the talks had led them to conclude he was favorable to the accord.

Two other rebel leaders on the ethnic Albanian delegation suggested Wednesday that they supported the deal. Rame Buja said of the consultation period that "this is the beginning of the successful end for solving the Kosovo issue." Another rebel leader, Jakup Krasniqi, told reporters in Rambouillet that "we did not come here with the illusion of independence."

"There's no question there is a split," said the chief U.S. envoy, Christopher Hill. But he said he expected the group to try to paper over the dispute in coming weeks, and predicted they would conclude that the accord enjoyed wide public support in Kosovo. "Everyone understands that if they're not with the Americans on this, they're in real trouble," he said.

An Icy Showcase for McQueen's Shining Moment

By Suzy Menkes
International Herald Tribune

LONDON — The scene was arctic and apocalyptic, a snowy tundra pierced with stark winter trees. But the figures walking across the glacial space or whirling in a "Swan Lake" ballet on ice exuded elegance and romance. With its mix of poetry, showmanship and imagination, Alexander McQueen's fall show electrified London Fashion Week — and confirmed him as a major international talent.

For once, in this city of whimsical British designers, everything came together: a spec-

loosened up and given a sporty spin, so that the cutaway coats came winter-weight, ankle-length over pants; a simple leather top and long, wide skirt were printed with leaves, and the broderie anglaise of last season developed as perforated decoration on flannel.

That was part of a decorative, romantic feeling that was played out in the delicate color palette of dusky pinks, grays and greens like the chalky fronts of St. Petersburg mansions.

McQueen, still only 29, seems to have absorbed so much, so quickly from working in Paris couture at Givenchy — above all the ability to make complicated cutting or elaborate workmanship appear simple and streamlined. If black dresses with ballooning, twisted skirts were over-elaborate, most of the show made the complex seem casual, from a suede dress with fur peeping through the seams, through a hexagonally pieced leather coat or embroidered roses buried in shearing.

For its lightning workmanship and intense imagination, this show was, for McQueen, a shining moment.

What of London's other young talents — mostly from the same art college background? Paradoxically it was Dai Rees, a self-taught designer of feathered accessories, who made an intriguing debut collection. Although his dresses, tailored asymmetrically on flat planes, were in the spirit of Japanese design, they were cleverly executed in very British tweeds.

With sculptures in what looked like ratched blanket felt or crinkled silver thermal fabrics, Deborah Milner's collection was more art than clothing. A pantsuit with pagoda sleeves developed from this futuristic architecture, but conceptual fashion is a tough sell.

With all the usual graduation show tricks, including a metal-cage face mask and a one-eye glass that made his models look like an Otto Dix painting, Tristan Webber distracted from his talent. That is for inventive cutting: a leather skirt with geometric markings, low-slung felted pants, leather dresses pierced with metal and coats with cape sleeves.



McQueen's stainless steel lacy skirt in its icy setting.

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ASIA/PACIFIC

Former Aide To Anwar Says Accuser Was Offered Money

KUALA LUMPUR — The former deputy prime minister of Malaysia, Anwar Ibrahim, completed his testimony in his own defense Wednesday by insisting that the charges against him were concocted to end his campaign against high-level corruption in the government and corporate sector.

"My contention has consistently been that the allegations were malicious and scurrilous and must be rejected," Mr. Anwar said from the witness stand.

Mr. Anwar, who was dismissed as deputy prime minister by his onetime mentor, Prime Minister Mahathir bin Mohamad, and arrested in September, is on trial for four corruption counts. He still faces one more charge of corruption and five of illegal sex acts.

On Wednesday, Mr. Anwar's former security officer, Zulfahri Hassan, testified that the prosecution's key witness had confided in him that he was offered money to accuse Mr. Anwar of sodomizing him repeatedly.

Mr. Zulfahri said that Azizan Abu Bakar, Mr. Anwar's former driver, had told him that he had never been sodomized by Mr. Anwar.

"He replied, 'I was promised money,'" said Mr. Zulfahri, an officer of the Special Branch of the Malaysian police, who served Mr. Anwar for a year.

Judge Augustine Paul of the High Court ruled Mr. Zulfahri's remark irrelevant. Attorney General Mohd. Abdullah threatened to impeach Mr. Zulfahri for making false statements.

But Mr. Zulfahri plowed on, testifying that shortly before Mr. Anwar's trial started in November, he was called to attend a meeting where prosecutors were talking with their witnesses.

Mr. Zulfahri's remarks drew furious protests from the attorney general, who accused him of making "insinuations that are not relevant." The judge then ruled the rest of Mr. Zulfahri's testimony hearsay and barred the press from reporting it.

Mr. Anwar has repeatedly tried to tell the court that he was a victim of a conspiracy by top government officials who he claimed used the police and the attorney general's office to destroy his career.

The corruption charges are linked to Mr. Anwar's alleged use of his position as the second-most-powerful official in Malaysia to obtain retractions from two people who had accused him of adultery and sodomy.



Chee Soon Juan, right, who was sentenced to 12 days in prison, leaving the court Wednesday with his wife, Huang Chih Mei.

Singapore Court Bars Activist From Elections

SINGAPORE — A Singapore politician was sentenced Wednesday to 12 days in prison and barred from running for Parliament for five years after a court found him guilty of speaking in public without a permit for a second time.

The politician, Chee Soon Juan, chose a prison sentence in lieu of paying a 2,500 Singapore-dollar (\$1,450) fine. Under Singapore law, a fine of more than 2,000 dollars bars the offender from running for election for five years.

In his final argument, Mr. Chee, the leader of the Singapore Democratic Party, told the court: "I am not on trial for a crime. I am in a political struggle. I have just spent a week in prison for standing up for my rights."

"Prison is one place I do not want to have to step into again," he said. "It is demoralizing and it brutalizes one's spirit. But if I have to spend time in jail to show that I believe that what I'm doing is good for my country, then consider it done."

Mr. Chee again was charged under the Public Entertainments Act for delivering a speech in public without obtaining a license.

He served a one-week sentence this

month for a similar offense. In handing down the ruling, the district judge, Mavis Chionh, said Mr. Chee was well aware his actions were illegal after having been warned by a police officer and having already been charged with a similar offense earlier.

"He acted in a deliberate and willful disregard of the law," she said.

Another SDP member, Wong Hong Toy, who was charged with assisting Mr. Chee, was found guilty and handed a 2,400 dollar fine, or 12 days in jail in default. Mr. Wong opted to go to jail.

Mr. Chee said he did not apply for a license to speak because he knew one would not be given to him. He said, "It is without any sense of decency and respectability for the prosecution to sit there and charge me for not applying for a permit when it knows full well that one will not be given."

Mr. Chee, whose party has no seats in Parliament, says democracy and free speech are stifled by the public speaking permit system he challenged.

The government says the permit law is a procedural matter necessary to maintain public order and does not substantively affect the right to free speech. It also says there are ample outlets for people in Singapore to express their views.

Seoul Offers a 'Deal' to the North

SEOUL — President Kim Dae Jung of South Korea on Wednesday proposed resolving all outstanding political, security and economic issues with North Korea simultaneously in what he called a "package deal."

"It's time to end the Cold War that has persisted for half a century on the Korean Peninsula," the president said at a news conference on the eve of the first anniversary of his inauguration. "We must give the North what we can give, and simultaneously, the North must give us what it can give."

North Korea would be asked to curb its development and deployment of missiles and end a suspected nuclear weapons program.

In exchange, Pyongyang would get food and economic aid, Washington would end trade sanctions, and along with Japan, would move to normalize ties with North Korea, Mr. Kim said.

The package deal with North Korea consists of our side asking North Korea to cease producing weapons of mass destruction and become a responsible member of the international community," he said. "At the same time it addresses the issue of normalizing ties

with Japan and the United States." Diplomats say a recent North Korean proposal to the South for government-level talks may be a sign that it is preparing to negotiate such a deal.

Since taking office a year ago, Mr. Kim has pushed his new "sunshine

'We must give the North what we can give, and the North must give us what it can give.'

policy" of cooperation and engagement with North Korea. He tried to allay U.S. congressional concern that his engagement policy will only embolden the hard-line North, citing the success of the U.S. policy of detente toward the former Soviet Union.

"I don't have a 100 percent guarantee that this policy will succeed," Mr. Kim said. "But this is certainly the best policy we can think of at the moment. We must give North Korea incentives to accept our cooperation."

Economic assistance for North Korea, where an estimated 2 million people

have died of malnutrition and related diseases over the past two years, would be a key element of the package.

"And that also involves the issue of lifting economic sanctions," he said.

The sanctions, which ban American trade and investment with the North, have been in place since the end of the 1950-53 Korean War. The conflict ended in a truce that has left the two Koreas technically still at war.

Mr. Kim said South Korea would continue to cooperate with the United States on policies toward North Korea and that there would be no difference between the allies on North Korea policies.

He emphasized that growing security cooperation between South Korea and the United States, and more recently between Seoul and Tokyo, would underpin the approach to the North.

U.S. President Bill Clinton's coordinator on North Korean policy, William Perry, is putting together his own comprehensive package toward North Korea, Korean and U.S. officials have said.

Mr. Perry is to visit Seoul early next month on a swing through Northeast Asia that could also take him to North Korea, diplomats said. (Reuters, AP)

BRIEFLY

Foreign Opium Users Pose Concern in Laos

VIENTIANE, Laos — The representative of the United Nations Drug Control Program, Halvor Kolshus, said he was concerned about reports of increasing numbers of backpacking foreign tourists visiting Laos to smoke opium.

Mr. Kolshus said at a news conference Tuesday that he thought the quantity sold to foreigners, mostly Westerners in their 20s and 30s, was not large, but he was worried about the example being shown to Laotian youth. He urged the Laotian authorities to prosecute foreigners for buying or using illegal drugs.

Mr. Kolshus praised Laos's efforts to eradicate its image as a haven for opium users. Laos is one of the world's largest producers of opium, part of the notorious Golden Triangle. (AP)

Chinese Weatherman Slain During Robbery

BEIJING — Zou Jingmeng, a Chinese weather official and former head of the World Meteorological Organization, has been killed in a robbery, the official Xinhua press agency reported Wednesday.

Mr. Zou, who held the minister-level post of director of the State Meteorological Bureau from 1982 to 1996, was slain Monday in Beijing, the report said. It gave no details.

Mr. Zou, born in 1929, was president of the World Meteorological Organization from 1987 to 1995 and was an alternate member of the Communist Party central committee from 1982 to 1992. Xinhua said. (Reuters)

One Killed in 2d Day Of Bangladesh Strike

DHAKA — One man was killed and at least 50 were injured in sporadic clashes Wednesday, the second day of an opposition-led nationwide strike in Bangladesh.

Saifur Rahman, 25, died in a blast after rival activists tossed a Molotov cocktail at an anti-strike march by government supporters in northern Iswardi district, local reporters said.

Witnesses said the injuries occurred when opposition and pro-government activists fought with homemade bombs and guns in the capital, Dhaka, the port city of Chittagong and the southeastern towns of Cox's Bazar and Teknaf.

The authorities said the police had arrested nearly 80 people in the city. (Reuters)

Manila Halts Peace Talks

MANILA — President Joseph Estrada of the Philippines said Wednesday that the government is suspending peace talks with the communist rebels.

"Enough is enough," Mr. Estrada said a week after the rebels abducted a general and another officer. "We will not tolerate this abuse of our goodwill, of our good faith and of our deep and abiding commitment to bring peace to our countryside and to our cities."

Mr. Estrada also suspended the immunity and security guarantees the government gave to 85 senior rebel leaders.

Guerillas of the New People's Army, the military arm of the Communist Party of the Philippines, abducted Brigadier General Victor Obillo and Captain Eduardo Montealto on Feb. 17 near Davao City.

Mr. Estrada said General Obillo and Captain Montealto had been involved in development and community work.

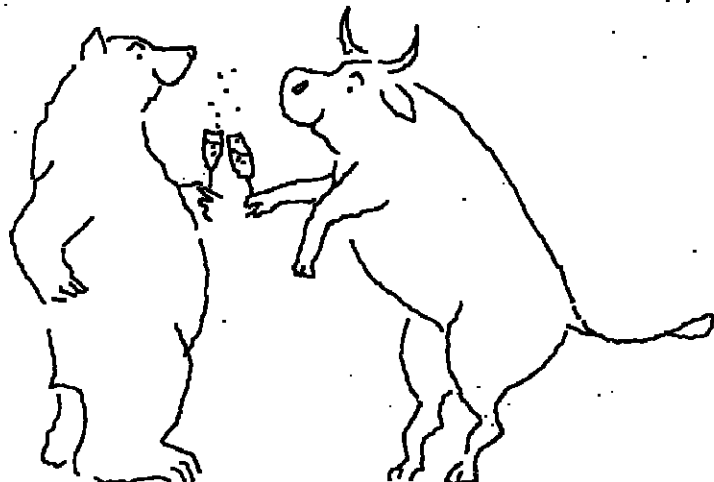
The defense secretary, Orlando Mercado, called the suspension of talks a "temporary setback" that could be offset by an early release of the two officers.

"We are all hoping to go back to the negotiating table," he said.

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Degussa-Hüls

Specialty chemicals now have a new spelling: Degussa-Hüls AG. The company will have 46,000 employees and will start with sales of more than DM 20 billion. Degussa-Hüls — an attractive new international company with high growth potential based on the combined strengths of two established firms. Degussa-Hüls — the latest word for more expertise, more commitment, more innovation.



PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

But there is much chance for both sides to undermine the peace plan over the next three weeks. Having declared the need to return home to test public opinion — in reality, to try to persuade hard-line guerrilla leaders — the ethnic

The prospects for peace are not good. But they have not yet perished.
—THE NEW YORK TIMES

It is certainly enjoyable to see things constantly come out better than expected. But it is also slightly unnerving to realize that the experts are so confused. "We are," in a sense, learning as we are doing," Mr. Greenspan said on Tuesday. "There is no Economics 101 which carries us through what's going on today. We're probably writing the textbooks, but we don't have them to read yet."

—THE NEW YORK TIMES.

—THE WASHINGTON POST.

— *Colbert I. King, commenting in The Washington Post*

The Treaty of Sèvres in 1920, dismantling the Ottoman Empire, promised

A liberal program is being applied by the international community in Bosnia. There is a chance of success because Sarajevo, which dominates Bosnia, was a cosmopolitan center before the Bosnian war. But Croatian and Serbian nationalism, along with Islamic intolerance, have been temporized

There is considerable irony in what happened after Tito's death. The 1974 constitution, decentralizing power in Yugoslavia, had the effect of re-establishing separatist ethnic interests throughout the country.

*International Herald Tribune.
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be fulfilled — unless the donors condition their aid on real reforms that would make the government accountable to the legislative branch, the people and the international community.

To achieve accountability, the institutions created by the constitution to form a framework for a democratic government must be rebuilt so that they are independent, neutral and effective.

This process should begin

Constructive

Change Needs

The writer is a former Cambodian finance minister. The Sam Rainsy Party, which he heads, is Cambodia's sole opposition party, with 15 seats in the National Assembly. He contributed this comment to the *International Herald Tribune*.

s to Continue

Managing its forests more strategically is one of the main development challenges facing

The writer, country director in the Southeast Asia Unit at the World Bank, contributed this comment to the International Herald Tribune.

deceive. President Hafez Assad seemed to use a surprise appearance at Hussein's funeral to show that Syria still has cards to play in new peace

Who is more stable, the untested Abdullah parachuted into the throne in Amman, or the seasoned, authoritarian Assad who has ruled in Damascus for a quarter-century?

German. Vienna is no longer a German city but a conglomeration of the worst elements of other and inferior races."

Grand Dragon Samuel Green was making a speech. Dr. Green, who was introduced in the South Carolina legislature earlier, shouted: "If you let President

German. Vienna is no longer a German city but a conglomeration of the worst elements of other and inferior races."

1949: Klan Hecklers

shouted: "If you let President Truman ram this civil rights bill down your throats, it will be illegal for a Negro to come up on your porch and ask for your daughter's hand in marriage." "She can always say no," chorused Dr. Green's henchmen.

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OPINION/LETTERS

Corruption Is Finally Getting the Attention It Needs

By Fred Hiatt

WASHINGTON — In between fund-raising calls this week, Vice President Al Gore is hosting the Global Forum on Fighting Corruption.

Mr. Gore as conference chairman is seeking to bolster the campaign against what in just the past few years has come to be seen as one of the world's greatest scourges, especially in the developing and post-Communist world. Mr. Gore as candidate is serving as an unspoken reminder that, when it comes to money and influence, the United States itself still has some developing to do.

Not so long ago, corruption was even defended by some economists as a useful lubricant. Transparency International is a nonprofit organization dedicated to fighting corruption and promoting accountable government. When the organization was formed in 1993, said its U.S. managing director, Nancy Zucker Boswell, "we couldn't even get people to talk about the issue."

Now Transparency International has indigenous branches in more than 60 countries. Governments in the Americas, Europe and Asia have promised to

do so, and others made it clear that corruption is not a minor issue, nor even one of many important problems, but rather absolutely key.

It diverts resources from education to Swiss bank accounts, undermines public faith in democracy, makes saps of those who obey the law. Officials and executives from developing and post-Communist countries, surveyed by the economist Daniel Kaufmann of the Harvard Institute of International Development, cited public-sector corruption as the single greatest impediment to development.

"You cannot make the transition if you have corruption," former Prime Minister Mart Laar of Estonia said during a visit to Washington this month. "You will fail."

Estonia, perhaps the republic to emerge most successfully from the Soviet Union, understood early on that what can cause corruption is not free-market reform, as many Russians and Russia-watchers now believe, but incomplete or phony reform. Legalizing private wealth without curbing the arbitrary powers of the state — that is what would cause trouble. Estonia privatized with care, open rules, inviting foreigners and Estonians alike to bid; it disclosed the assets and incomes of public officials; it opted for strong regulation, but in as few areas of economic activity as necessary.

Given its location between Russia and the West, Estonia was in danger of becoming a transshipment point for organized crime. Instead of combating this by hugely beefing up its customs service, Mr. Laar said, Estonia drastically reduced tariffs and duties, so there would be little profit in smuggling.

Every country has to find its own way. But it is encouraging that wealthy nations have acknowledged that they have a part to play. This month, a treaty went into effect committing 33 industrialized nations to criminalize overseas bribery by their corporations. Mr. Eizenstat says this shows that globalization, the rapid rise in interconnectedness through trade and private investment, can produce a "race to the top" through voluntary cooperation on ethical rules of behavior.

Still, it so, it has been a slow race, as Mr. Eizenstat well knows. As domestic policy adviser to President Jimmy Carter, he promoted the 1977 Foreign Corrupt Practices Act, which bars U.S. companies from paying bribes overseas. It took 22 years to level the playing

field with the treaty that came into effect on Feb. 15. And even now, only 12 of 33 signatories have ratified it.

The Gore conference, from Wednesday through Friday, is intended in part to nudge the process forward. U.S. officials also want to expand the treaty to include payments to political parties as well as government officials.

That goal may draw the attention of conference guests back to U.S. practice. It is not just raising campaign funds from Buddhist nuns and monks or giving White House tours to Chinese arms merchants. It is the everyday demands of running for office: the \$35 million Mr. Gore hopes to raise this year for his presidential bid, the \$3,000 per hour that Frank Lautenberg — the senator from New Jersey who has decided not to seek a fourth term in 2000 — said he would have had to raise to stage a credible re-election bid.

If corruption means only abusing public position for private gain, no one would accuse Mr. Gore. But if the term encompasses selling access to the highest bidder, then it is virtually impossible to succeed within the U.S. system and stay clean.

Ms. Boswell says campaign finance issues vex Transparency International chapters in many countries, and so she sees a silver lining in the U.S. conundrum. "It puts us all on the same side of the table," she says. "It would be bad for the United States to come across as all-knowing, as if we had solved everything." That, it seems safe to say, is one problem we won't have to soon confront.

The Washington Post



Public-sector corruption is widely recognised as the key impediment to development.

criminalize bribery that until recently many of them not only allowed but encouraged, by making bribes tax-deductible.

What accounts for this "fundamental sea change," as Stuart Eizenstat, the U.S. undersecretary of state for economic, business and agricultural affairs, calls it? In part, he says, bribery "simply was becoming so costly" for multinational corporations that they began pressuring governments to reform themselves.

The financial collapse of corrupt but previously fast-growing countries such as Indonesia shredded any credibility of corruption defenders in the academic world. The end of the Cold War erased a strategic rationale for backing corrupt Third World dictators. Scandals in Italy, Japan and Belgium — not to mention Washington and Salt Lake City — proved that corruption is not exclusively a Third World problem and helped motivate grass-roots campaigns for clean government.

Most of all, the travails of Russia, Ukraine, In-

LETTERS TO THE EDITOR

Separatism and Force

When Kosovars demand not autonomy but total independence and Serbia says "no," NATO (led by Washington) insists on sending in 30,000 troops or else bombing the Serbs. When Kurds ask not independence but only autonomy, offering a cease-fire if free elections are held, and are answered by wholesale killing and destruction of villages far worse than anything in Kosovo, why do I hear no calls for a NATO force to move in, no threats of bombs on the Turks?

If Kosovo becomes a model, with the United Nations pushed aside, can we expect NATO bombs on Tel Aviv because of West Bank Palestinians, on

New Delhi because of Kashmir? If Hawaiians, Puerto Ricans or the Apache acted up, would China or Cuba have the right to bomb Washington?

VICTOR GROSSMAN, Berlin.

Light Therapy in Japan

Regarding the report "Japanese See the Light" (Feb. 23):

The proposal by a government-appointed panel to lift our economy by introducing daylight time seems to be based on the unrealistic expectation that more light will lead to more personal consumption.

It is high time to realize that the

severely deteriorating Japanese economy is a natural consequence of a sick system that has changed little since the Tokugawa feudal era. Individual well-being takes a back seat to the growth and prosperity of organizations. People have been psychologically manipulated through the education system and corporate induction rituals to suppress their feelings in order not to destroy the "managed harmony" of groups. Self-sacrifice for the organization has been elevated to the detriment of personal and family life.

Our system would be recognized from the outside as nothing less than brainwashing. However, to the majority of the population it is so insidious as to be

imperceptible. Band-Aid measures, including daylight time, are unlikely to produce any substantial effects. The West should keep in mind that patients suffering from delusions of grandeur usually require years of psychotherapy.

HIROMICHI OTA, Tokyo.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

BOOKS

NOVEMBER 1916: The Red Wheel/Knot II

By Alexander Solzhenitsyn. Translated by H.T. Wilentz. 1,014 pages. \$35. Farrar, Straus & Giroux.

Reviewed by Richard Bernstein

IT used to be said, in an effort to put matters into perspective, that the Soviet dictator Leonid Brezhnev would one day be dimly remembered as a Russian politician during the era of Alexander Solzhenitsyn. In fact, matters turned out to be more complicated. Brezhnev is a bad memory, but Solzhenitsyn, the great dissenting author of "Cancer Ward" and "The Gulag Archipelago," whom Brezhnev pushed into an exile that lasted 20 years, is hardly a universally celebrated figure either.

It is as if Solzhenitsyn has outlived the centrality he had when moral criticism was an act of enormous courage, and he has not helped his cause by his recourse to dyspeptic commentaries on the inadequacy of secular, liberal culture.

Now, however, the publication of "November 1916," the second volume of Solzhenitsyn's three-book cycle, "The Red Wheel," could help rehabilitate a tarnished hero. The publication of "November 1916," the first in the "Red Wheel" series, by almost a decade, is an impressive accomplishment, and H.T. Wilentz has ably translated it from Russian. True, it has a fusty quality about it, its specific ingredients more or less what one familiar with the sprawling historical genre would expect. Certainly it is overlong and contains too much talk and not enough action.

Moreover, as in "August 1914," Solzhenitsyn intersperses his story with long, dense historical explanations that not only require a good deal of specialized knowledge to assimilate but also slow the novel's dramatic momentum.

The Solzhenitsyn of "November 1916" is a long way from the cranky, semi-mystical ideologue that he has

sometimes seemed to be. The work is an enormous literary palace teeming with life and intellectual passion, a grand edifice of history and character in the Tolstoy tradition. Indeed, "November 1916" is not "War and Peace," but some of the same adjectives could be used to describe both books: ambitious, panoramic yet intimate, prodigiously researched, invested with a strong sense of verisimilitude.

A kind of political fable frames Solzhenitsyn's broad-shouldered tale. The central action reveals the inability of a self-absorbed, wishful liberalism to respond effectively to the condition of a country being bled white by war and facing the dread menace of a revolution that will utterly destroy the old order.

"November 1916" in this sense depicts two opposing points of view, two modes of action. On the one side are various members of the Russian elite: academics, doctors, forward-looking officers in the czar's army. This portion of Russian society strives to find some formula by which the corrupt and incompetent autocratic regime (incarnated by the maddening czar, Rasputin) can be overthrown even as the elite remains in power. On the other is Lenin, shown living in exile in Zurich, Switzerland, waiting for his chance and using his implacable and trenchant logic to foment the civil war that will eradicate the old order and give him vastly greater power than the czar ever dreamed of.

Probably the most important of Solzhenitsyn's many characters is Georgi Vorotynsky, an army colonel who has spent the war at the front and has come to believe that Russia will destroy itself if the war continues. Vorotynsky goes to St. Petersburg to meet with Alexander Guchkov, a leading military officer (and historical figure) who, in Solzhenitsyn's account, tried to drum up support among the senior generals for a coup d'état.

Vorotynsky has long conversations with the Kadets, Russia's liberal reformers, and eventually with other military leaders, including Guchkov, but

he finds nobody who shares his view that the only salvation for Russia is to get out of the war. Many opinions are eloquently expressed as Vorotynsky makes his rounds, but most eloquent of all is his own description of the slaughter taking place at the front, a slaughter that goes on while Kadets and senior generals alike speak to each other in nonexperiential generalities.

Indeed, Vorotynsky's soldier's-eye view of the war is stunning in its concreteness, an impressive piece of historical reconstruction. We, the readers, moreover, believe him and his dire predictions for the future of Russia because Solzhenitsyn has already taken us to the front in his opening chapters. We have seen for ourselves, as it were, how a routinized absurdity and the superiority of the German enemy have made the legendary courage of the Russian soldier almost obsolete.

"Whose task is it to prevent the conflagration from engulfing Russia?" Vorotynsky asks at one point asks Guchkov and another officer. "Who has to be on the alert, to forestall the elemental forces, who if not ourselves, the leaders of Russian society, the strong and active? It is our duty. And it is also in our interest politically."

Paradoxically, Vorotynsky's conservative clarity is matched only by the revolutionary clarity of Lenin, whose genius was to perceive what the liberal intelligentsia did not: that the way to topple the old order was to push workers and soldiers into rebellion, not to fight the war more effectively but to stop fighting the war altogether. "What the proletariat needs is civil war," Lenin tells his followers.

Of course, in contrast with Solzhenitsyn's characters, we know what happened a year later, when Lenin did come to power, and in the decades after that. And our knowledge lends Solzhenitsyn's story a piquancy that can only come from watching people marching toward a tragedy that they could avoid if only they knew what we know.

New York Times Service

BRIDGE

By Alan Truscott

THERE are many ways to learn to play bridge and expand one's skills, most of which have been around for a century. You can, in a pinch, get instruction from your spouse or simply sit down and play. Better is to read a book by an established authority, find a professional teacher or watch experts in action. But there is a higher level still.

More than 60 years ago, a gadget called Autobridge, still available, made it possible to bid and play prepared deals by pushing metal sliders to reveal bids and cards. The

modern version, vastly more sophisticated, requires a computer. If you have an IBM compatible with Windows and three megabytes of hard disk space, you can use Private Bridge Lessons developed by Michael Lawrence with software by Fred Gitelman. Volume 2, with more than 100 deals, is available for \$37.95, including mailing, from Michael Lawrence, 131 Alvarado Road, Berkeley, California 94705.

On the diagrammed deal from the program, South lands in two spades, a four-three fit. Notice that those who refuse to raise with

three cards in such positions get the worst of it here. A rebid of one no-trump would end the bidding and North would be doomed to a one-trick defeat, making just the six obvious tricks.

In two spades, after a heart lead, South might attempt to make use of his club suit. That will fail because the clubs do not split evenly. The defense will shift to trumps, with decisive impact.

The easy road to success is a dummy reversal. South must ruff a heart at every opportunity. He will then score three ruffs in his hand, three trump tricks eventually in the dummy and the two red aces.

North South
North East South West
Pass 1 4 Pass
2 4 Pass Pass
West led the heart queen.

An Old Screenwriter Recalls When Betrayals Were Grand

By Maureen Dowd

LOS ANGELES — Linda Tripp and Christopher Hitchens may be the most famous canaries of the Starr war, but Ella Kazan was the most famous canary of the Cold War. High in the Hollywood Hills, Bernard Gordon, a writer who was blacklisted, is working to make sure that on Oscar night Mr. Kazan does not escape his past.

Mr. Gordon, now 79, is naming names. The name he gives the dazzling director — who will be awarded an honorary Oscar by the Motion Picture Academy — is Rat Fink. Mr. Gordon formed the Com-

mittee Against Silence and will picket the Chandler Pavilion on Oscar night, March 21, wearing a tuxedo that he had made for himself in Spain, where he had a successful career in movies after his exile from Hollywood. He wants the audience to fight silence with silence, and refuse to acknowledge Mr. Kazan's work. "It would be too much to boo or walk out," he said. "I got the idea of not applauding when I watched President Clinton's State of the Union and the Republicans sat on their hands."

MEANWHILE

Mr. Gordon does not want to debate whether artists who commit egregious acts in their personal lives can still be considered great artists. He knows they can. "But they are giving Kazan a lifetime achievement award," he says. "And the major achievement of his lifetime was to contribute to one of the worst civil liberties violations in the country."

Mr. Gordon says he does not particularly like Bill Clinton, who also gets lavished with high job-approval ratings despite egregious personal acts. But he thinks the Republicans and Kenneth Starr have engaged in sexual McCarthyism and flirted with a police state. He has attracted more media attention than Hollywood liberals muse that Mr. Kazan's award is an appropriate bookend to the lifetime achievement Oscar that Charlie Chaplin was given in 1972 — an award that was vigorously protested by Hollywood conservatives.

It is telling that the co-chair of the Committee for Silence is Leone Hankey, a 45-year-old lawyer and activist with no connection to blacklisting or Hollywood. "All the people who were blacklisted died off or are incredibly old," she says. "I'm dealing

Linda Tripp is no Whitaker Chambers, and Sidney Blumenthal is no Alger Hiss.

Hitchens's tarting on the Clinton aide Sidney Blumenthal. But these impeachment betrayals lack the grandeur of the Kazan betrayal.

Linda Tripp is no Whitaker Chambers, and Sidney Blumenthal is no Alger Hiss. And the turpitude represented by Mr. Clinton is not exactly world-historic. It's nice to live in secure times, when one doesn't have to awake in the morning to questions of life and death. Still, it isn't easy to be satisfied with the smallness of our experience.

We have developed a bad case of magnitude envy. In a culture obsessed with entertainment, celebrity, buzz, spin, market share, synergy, gestures, decadent lattes and cigar bars, we feel diminished and puny. We have developed a craving for real nobility, large principles, passions with scale and profound commitments.

On Broadway, audiences are still stirring to the 50-year-old "Death of a Salesman," drawn to its outside emotions. In movies, Omaha Beach and grand Elizabethan epics rule. On television, the '60s miniseries became a nostalgia ratings bonanza by recalling struggles over civil rights and the Vietnam War, fights that seem a lot more compelling than an impeachment imbroglio that turned on who touched whom where.

The New York Times

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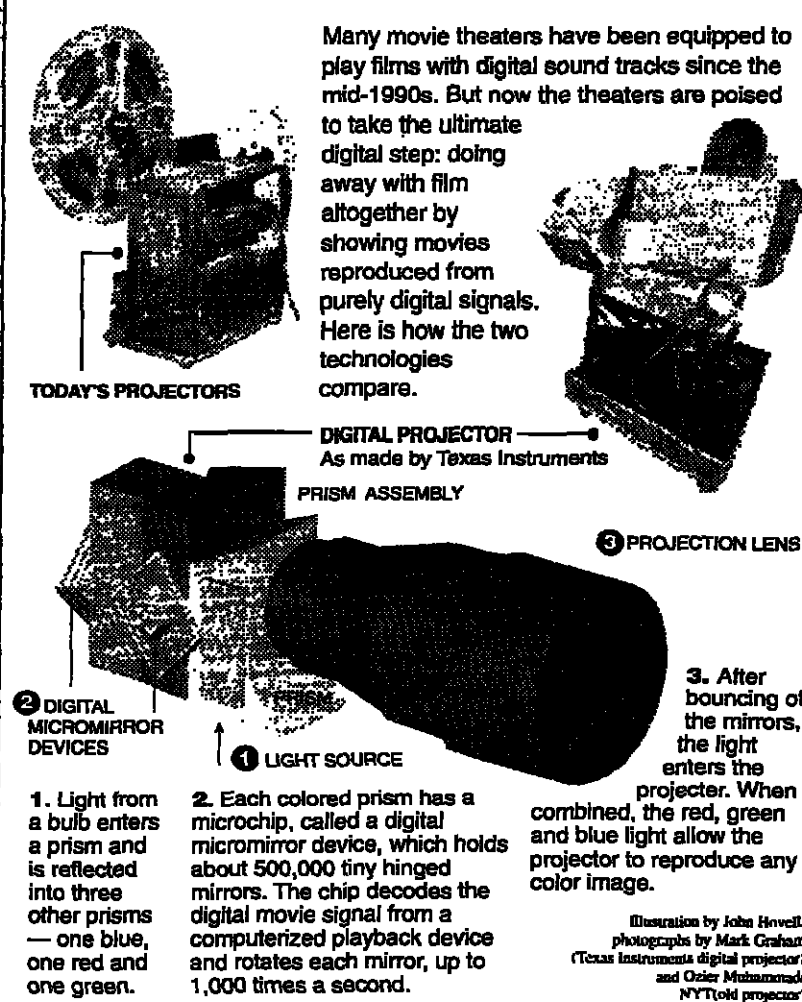
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THE WORLD'S DAILY NEWSPAPER

TribTech

Coming Soon to a Theater Near You: Digital Movies

Riding Into the Sunset



Many movie theaters have been equipped to play films with digital sound tracks since the mid-1990s. But now the theaters are poised to take the ultimate digital step: doing away with film altogether by showing movies reproduced from purely digital signals. Here is how the two technologies compare.

TODAY'S PROJECTORS

DIGITAL PROJECTOR
As made by Texas Instruments

PRISM ASSEMBLY

PROJECTION LENS

DIGITAL MICROMIRROR DEVICES

1. Light from a bulb enters a prism and is reflected into three other prisms — one blue, one red and one green.

2. Each colored prism has a microchip, called a digital micromirror device, which holds about 500,000 tiny hinged mirrors. The chip decodes the digital movie signal from a computerized playback device and rotates each mirror, up to 1,000 times a second.

3. After bouncing off the mirrors, the light enters the projector. When combined, the red, green and blue light allow the projector to reproduce any color image.

Illustration by John Iversell
(Texas Instruments digital projector and today's projector)

By James Sterngold
New York Times Service

LOS ANGELES — Nearly every facet of the movie industry has been transformed in recent years by new technologies, from computerized dinosaurs and other special effects to the collection and analysis of box-office data.

But even with all the digital wizardry, motion picture reels are still made through a chemical film process and then projected onto screens using technology that has changed in the past century about as much as buttered popcorn.

Now, the industry is on the threshold of what many experts say is a breakthrough that could bring dramatic change to the economics of movie theaters and to the movie-going experience. Assuming that financial hurdles and industry politics can be overcome, the potential benefits include silver-screen images free of lint and scratches, new types of in-theater special effects and the ability of theater owners across the country to have the same access to first-run hits as urban cinemas.

Within two years, movie theaters are expected to begin installing the first generation of digital projectors. Reels of 35 millimeter film — which are several feet in diameter and heavy — would be replaced with electronic projectors that use magnetic tape or digital disks.

On March 10, at a meeting of the National Association of Theater Owners, two new electronic projectors — one by Texas Instruments Inc. that relies on a chip with more than a million tiny mirrors and a competing technology using what is called a light valve produced by Hughes-JVC — will demonstrate what they can do. The same four-minute film clip will be shown on each of the new projectors, as well as a traditional 35mm projector.

If several demonstrations here recently are a guide, the exhibitors will observe a quality that is sharp, with colors as rich and as warm as the most pristine film prints and without the usual jittery frames, scratchy soundtracks and blotches of dust that often mar much-used theater prints. The theater owners are expected to witness, in short, the birth of "electronic cinema."

"The technology now exists to build the projectors," said Doug Darrow, manager for market and business development of the electronic projector business of Texas Instruments. "The real issues are economics and emotion."

Phil Singleton, president of American Multi-Cinemas Inc., a chain with 236 theaters, added: "We can't wait for the day when we're unshackled from the 35mm prints. But conversion is first and foremost the biggest problem to face."

Theater owners insist that the outlays for installing the new projectors, which are expected to cost roughly \$100,000 for each system, compared with about \$30,000 for a conventional projection booth, will have to be shared.

"There's going to have to be some studio subsidy of the installation of these projectors," said one studio executive, who asked not to be identified. "Until we know exactly how that will work, I'm not willing to say anything."

What no one doubts is the benefits the new systems will create. For one, the studios will no longer have to process and ship thousands of reels of film. Each print costs about \$2,000, and a major film requires as many as 5,000 prints. Those costs would all but vanish under the new systems, in which entire movies could be sent to theaters through a satellite signal.

"As it stands, most of the savings would go to the studios and the costs would go to the theater owners," said William Kar-

tozian, the president of the National As-

sociation of Theater Owners. Then there is the issue of quality and consistency. In the process of making prints from a master, the copies lose some vitality, in the form of a softer focus and less vibrant colors. Films begin to show serious wear after 30 or so screenings, experts say.

Electronic cinema would do away with many of those problems. Movies would still be shot, and edited, on traditional 35mm film, and the end-product would be at least initially on film. Then, using a machine called a telecine, the digitized print would be made, and every subsequent digital copy would be a perfect replica. There would be no wear and tear from each showing.

The image that people would see in the theaters would still be cast by a projector upon a screen. But instead of the projector producing the image by shining a bright light through a strip of film, the new, digital projector would be generating the image from data stored as computer code — the way an audio compact disk player or the new home digital video disk, or DVD, players translate digital data into sounds and images.

"I went into one demonstration where the only way I could tell the difference between the film and the electronic version was that the film one had that jittery movement and the electronic one didn't," said Martin Cohen, head of post-production at DreamWorks SKG. "They are down to the nitty-gritty. They're finally in the ball park on the quality."

But there are also questions. It is estimated that studios lose perhaps a total of \$3 billion a year or more to illegal copying of films. Most studios fear that if movies are sent to theaters through a satellite transmission, pirates might be able to intercept the signal and steal a perfect copy.

Choreographers and the Computer: It's a Pas de Deux

By Jennifer Dunning
New York Times Service

NEW YORK — Dance has been handed down for centuries from one body to another. But little by little it has been moving into the electronic era. Technology has been used in dance for several decades to record and reproduce existing choreography, but the means and results have exponentially grown more sophisticated in recent years.

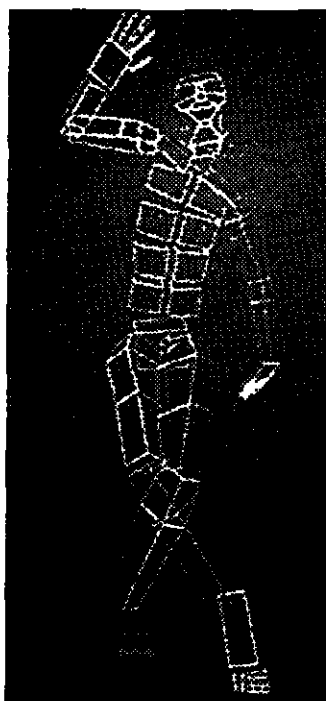
Technology has also been used increasingly to ornament or enhance the look and content of dances on a stage and even to affect how they unfold. And now technology is being used as a creative tool for choreographers. Today's computer technology can make important contributions to the inherently visual art of dance, and dance contributes to the evolution of the technology, as it did with film.

At one end of the technological spectrum are software programs that drastically cut the time necessary to set up and study dance notation scores and can create comprehensive archival Web sites, databases for dance teachers and records of little-known work. A heady development at the other end of the spectrum is "virtual dance," generated by and for the computer.

In "Ghostcatching," a recent virtual dance installation at Cooper Union created by Paul Kaiser and Shelley Eshkar of the Riverbed new-media studio in Manhattan, elegantly drawn figures moved through space that seemed eerily three-dimensional in an abstraction of a dance by Bill T. Jones.

Another example is Ralph Lemon's "Mirrors and Smoke," created at Arizona State University's Institute for Studies in the Arts in Tempe, a CD-ROM in which the viewer walks through the many chambers of a dance for electronic space by Mr. Lemon.

The implications are considerable, both philosophically and for the day-to-day life of dance. Could stages and studios soon be a thing of the past, as some expect? Is virtual dance the future of dance? Those questions are sure to be discussed in "International Dance and Technology '99," a conference at Arizona State University this week.



"Ghostcatching" took the movements of a dancer and abstracted them for drawn figures.

Information about the conference is available on its Web site: isa.asu.edu/IDAT99. Richard Loveless, director of the institute at Arizona State, describes the form as an "extension of live performance."

"This is not a simulation of what is live," he said. "Dance becomes something else. This is not about how you displace the live performance but how you extend its boundaries to other spaces where other populations exist to experience that."

Mr. Kaiser is just as emphatic. "Nothing can replace seeing a human being performing on stage,"

he said. "That's an incredible form of art. But there are other art forms that can derive from that, and that's what we're interested in exploring."

Using computer technology to compose dance goes back about a decade. Merce Cunningham began testing the boundaries of human movement and theatrical space in 1991 using animated figures in a computer composition program called Life Forms. Capable of astonishing physical feats, the figures gave Mr. Cunningham new choreographic ideas.

In "Ghostcatching" and some other virtual dances, figures "capture motion," in Mr. Kaiser's words, edging toward the look of animated cartoons.

Working with Mr. Kaiser and Ms. Eshkar, Mr. Cunningham has also choreographed a multimedia piece to be performed by his company this year.

Alvin Nikolais's experiments with stage light and shape beginning in the mid-1960s led to dances that abstracted the human body and the ways it moved. Trisha Brown used comparatively advanced technology to explore interactive performance in her 1989 "Asural Convertible," a piece, designed by Robert Rauschenberg, in which dancers activated electronic sensors that in turn activated the lighting and music.

Today, however, Robb Lovell and John Mitchell have upped the ante considerably with Intelligent Stage. Developed at Arizona State, the program allows performers to produce sound, lighting and video imagery in new, once unimaginable ways, through onstage movement-sensing systems and computer-controlled stage media.

Another active area is the dance department at Ohio State University in Columbus, where A. William Smith has created programs like "Interactive Multimedia Dance," a CD-ROM that can help a dance company save money by creating prototypes of virtual sets and scores in virtual space.

Mr. Smith and Mr. Mitchell were among the representatives of more than 20 institutions that participated in "Decade of Dance Preservation Symposium," a seminar conference held last year at the Joyce SoHo Theater. Sponsored by Preserve Inc., a service organization for performing arts documentation and preservation, the conference offered a dizzying overview of practical and fantastic new programs and the uses to which they are being put in dance.

The field has very little control of the new technology. Most dance companies and independent choreographers still do not have access to or cannot afford the latest equipment for good electronic documentation of their work, an increasingly serious handicap in an electronic age. And though once unimaginable ways are opening up to create once unimaginable kinds of dance, these tools are being used almost entirely by technologists rather than by experienced choreographers.

BRIEFLY

REBIRTH OF A WEB SITE: An anti-abortion Web site that was removed from the Internet shortly after a federal court ruled it a threat to abortion doctors and other advocates of abortion rights is back on-line, while another copy of the original site was posted Monday at a separate address by a Netherlands-based free speech advocate.

The Nuremberg Files site contains, among other things, names, home addresses and license plate numbers of many abortion doctors and their family members.

Doctors on the list who have been killed are indicated by a line drawn through their names. About three weeks ago, a federal jury in Portland, Oregon,

ordered the creators of the site to pay about \$107 million in damages to Planned Parenthood and doctors who argued that the material constituted a threat on their lives.

Jonathan O'Toole, who assists with the Christian Gallery Web site that included the original Nuremberg Files pages, said Monday that a new host for the site had been found and that it was placed back on-line Saturday. Mr. O'Toole said the host was based in the United States, but would not identify the publisher further.

Mr. O'Toole said the Nuremberg site operators encountered little difficulty finding a new host for the site and had received offers from abortion opponents

and well as free-speech advocates. "We did get a lot of people offering to help," he said, noting that he was "overjoyed" that the site is again on-line.

Mr. O'Toole said he was unaware of the Dutch site, which was set up by a free-lance writer in Amsterdam, Karin Spink. Mr. Spink said in a telephone interview that although she favors a woman's right to abortion and detests the site, she was nonetheless moved to post it because she believes it merits free speech protection. (NYT)

NO SQUATTERS ALLOWED: The American-based Internet search firm Yahoo! Inc. will seek unspecified damages from "cybersquatters" in India in a patent case, lawyers for the company said.

An Indian court granted an injunction Friday to the Santa Clara, California-based Yahoo!, which has brought a civil suit against "Yahoindia," whose World Wide Web site resembles the familiar Yahoo! home page and offers India-related services and information. Yahoindia is run by New Delhi-based Nedlink Internet Solutions. This week, its Internet page read only: "Under Construction. Please Come Back Later."

The company's lawyer, Harish Malhotra, said he would appeal the injunction keeping Yahoindia from operating or seeking advertising pending a final ruling. "Yahoo is a common word in trade circles," Mr. Malhotra said. "No one can own the name."

Yahoo! attorneys said the ruling was a rarity in a case related to the Internet, which is rife with the practice of cybersquatting, or copying of domain names. "We are seeking punitive damages," said Pravin Anand, a Yahoo! counsel. "Let this case be a deterrent for cybersquatters."

He said the ruling also rebutted the notion that Indian courts offer little redress to domestic and foreign companies in cases of patent law violations. (AP)

TEST FOR THE Y2K BUG: A man who solved the riddle of Rubik's cube has invented a test kit to detect where the millennium computer bug will strike. At the age of 12, Patrick Bossert shot to fame when he worked out his own solution to the mystifying cube and wrote a best-seller about it that sold 1.5 million copies.

Now 30, he and a team of software experts at London-based WSP Business Technology have developed Delta-T Probe, a program that can work out whether microchips embedded in electronic equipment are likely to fail on Jan. 1, 2000, because inadequate programming will cause them to mistake 2000 for the year 1900. (Reuters)

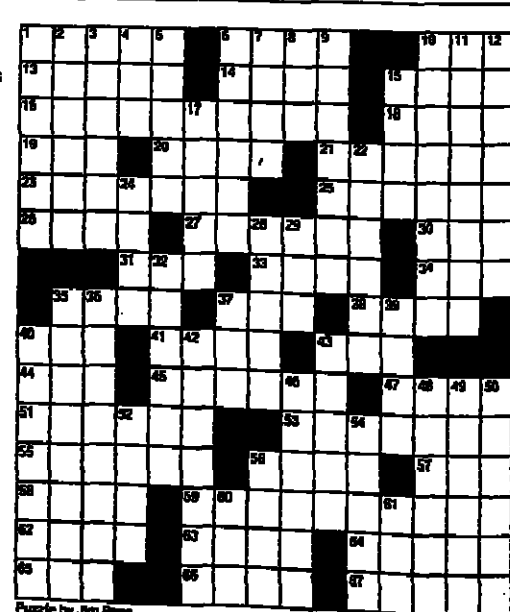
CROSSWORD

ACROSS

- 1 Chess display
- 5 — and Span
- 10 Taken
- 13 Out
- 14 "Rebel" (1962 #1 hit)
- 15 Giddy material
- 16 Mysterious "vanhoos" character, with "the"
- 18 Actress Merkel and others
- 19 German article
- 20 Years on end
- 21 Dissolved substance
- 22 Eventual period
- 25 Polo period
- 26 Suffix with hip or quip
- 27 Sipped antiques
- 30 Self Prefix
- 31 Ninny
- 32 Choice reading?
- 34 Stars for Soos: Abbr.
- 35 Jar
- 37 Lunched
- 38 "Friends" role
- 39 "Rescue 911" action
- 40 Division word
- 43 Goddess: Lat.
- 44 "It must be him, ... shall die"
- 45 Knock down
- 47 Call at camp

DOWN

- 1 Cabaret singer Mercer et al.
- 2 Cops — of the Mamas and the Pappas
- 3 Sen. Feinstein
- 4 Epitome of simplicity
- 5 Hooch
- 6 Climb (up)
- 7 Good baseball throw
- 8 Somewhat: Suffix
- 9 Hospital image
- 10 Jewish festivals
- 11 Disfavored
- 12 Strands
- 13 Corner
- 14 Everyday names
- 22 "Yeah, right"
- 24 1985 Pulitzer novelist Shirley Ann
- 25 "Are not!" comeback
- 26 Jeans brand
- 32 Baseball Hall-of-Famer Duke
- 33 Butter knife
- 34 Athlete's problem
- 37 Cash dispenser, for short
- 38 Curse
- 40 Heavyweight champ of 1992-97
- 42 Paper pusher?
- 43 Difference between 19 and 21
- 44 One on a long walk
- 46 Calculator figure
- 47 Drill through
- 50 Common period
- 51 Commander
- 52 Advances
- 53 French silk
- 54 Endorses
- 55 Lousy serving



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	Tuesday close	Pct. change previous week	Pct. change year to date
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Pacific Stock Exchange	494.57	+3.62	+10.10
S&P Tech Composite	1,280.93	+3.31	+8.65
Europe			
Morgan Stanley Eurotec	659.58	+1.10	+8.04
Asia			
Topix Electric	1,617.85	+3.26	+4.88
Source: Morgan Stanley, Bloomberg News			
For technology articles from the past week, see TribTech on the IHT's World Wide Web site at http://www.ihf.com . Articles include:			
• Softbank Trims Its Stake in Yahoo, Feb. 18	• Free-for-All in Britain, Where Web Surfers Needn't Pay, Feb. 18		
• An On-Line Outpouring Helps a Family Endure, Feb. 18	• An Olivetti Bid for Telecom Italia, Feb. 20-21		
• Cell-Phone Users Get a Spelling Shortcut, Feb. 18	• Crises at E-Trade: A Cautionary Tale, Feb. 24		
	• BSKyB and Canal Plus Generate a Buzz, Feb. 24		

To reach TribTech editors or to comment on IHT tech coverage, send e-mail to tribtech@iht.com. International Herald Tribune

Herald Tribune BUSINESS/FINANCE

THURSDAY, FEBRUARY 25, 1999

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A 'Global' Big Board Braces for Longer Hours

By Ianthe Jeanne Dugan
Washington Post Service

NEW YORK — The tough new world of 24-hour global markets and electronic share trading has finally caught up with Wall Street.

The New York Stock Exchange acknowledged this week that it must extend its trading hours to appease foreign investors and moonlight amateurs who are being targeted by competitors developing new forums to buy and sell stocks after the exchange's closing bell at 4 P.M. in New York.

The exchange tentatively plans to open "a few hours earlier" beginning in June 2000 to trade non-U.S. stocks. Ultimately, trading could be extended to all stocks, and the hours could range from 5 A.M. to midnight, Richard Grasso, the chairman of the exchange, said Tuesday.

Mr. Grasso acknowledged that as businesses increasingly become blind to

geographic borders, the world can no longer trade U.S. stocks only on U.S. time. "The growth in global investing will not allow markets to be competitive if they constrain themselves to a time clock," he said.

The exchange is seeking to expand its contingent of non-U.S. corporations, which now account for 15 percent of its listings. But to attract European traders and compete with exchanges in London and Tokyo, in particular, it must open before 9:30 A.M. Eastern time.

The shift to extended hours would hold broad implications for Wall Street.

It would force on-line securities firms to revamp back-office operations, because they now process orders by day and settle them at night. And it will challenge the entire system of Big Board market makers, known as specialists, who match buyers and sellers on the floor of the exchange, raising fundamental questions about their future role

as individual investors make their own deals with one another around the clock.

But the Big Board is moving in this direction not only because it must win more foreign business but also because it is under growing pressure to accommodate individual U.S. investors, who increasingly research stocks after work and place orders. The only forum now for after-hours investing comes from Instinet Corp., a subsidiary of Reuters Holdings PLC, which is limited to institutions making large trades.

A new wave of competitors is seeking to extend this ability to individual investors. Among the biggest is Island ECN Inc., a subsidiary of the trading firm Dake Online Holdings Corp., which is already open from 8 A.M. to 5:15 P.M., handling almost 100 million trades a day from retail brokers sponsoring individuals. Island's president, Matthew Andressen, said it soon could match buyers and sellers around the

clock, when there are enough customers to keep orders flowing.

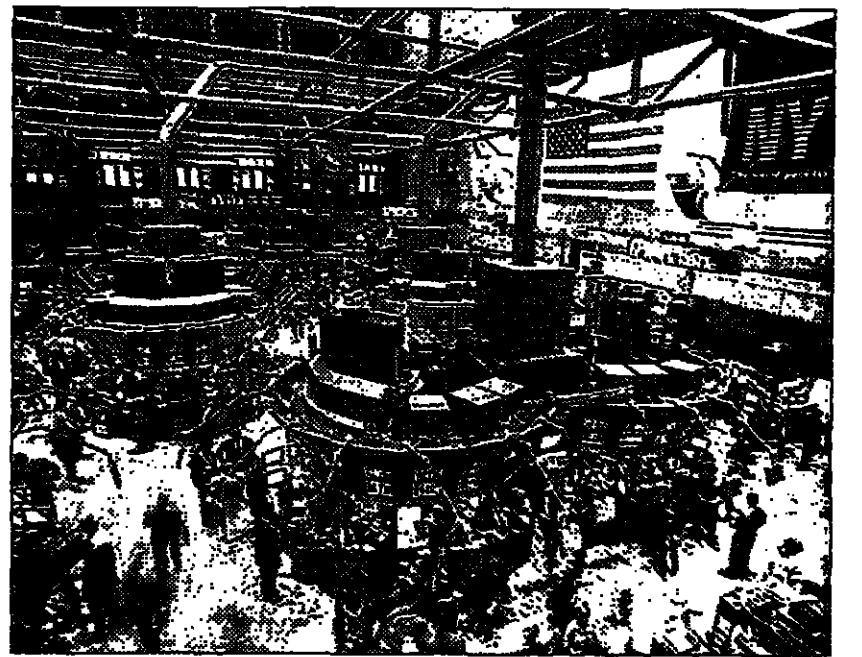
"People are window-shopping, and the stores are closed," Mr. Andressen said. "There's a huge demand."

Wit Capital Corp., a New York securities firm, also plans soon to open a 24-hour stock exchange that would compete with the Big Board and the Nasdaq Stock Market for listings. "The reality is that three years from now, the New York Stock Exchange won't look anything like it does today," said Andrew Klein, Wit Capital's founder and chief strategist.

Bill Burnham, a technology analyst at CS First Boston Group, estimates that 15 percent to 20 percent of all orders are placed at night, often creating a chaotic opening for both NYSE and Nasdaq stocks.

"This proves that there's a big demand for after-hours trading," he said. "You're going to get night trading soon."

See NYSE, Page 12



The floor of the New York Stock Exchange during a day of heavy trading.

Y2K Bug Is Deemed World Crisis

Countries Are at Risk, A Senate Report Warns

By Stephen Barr
Washington Post Service

WASHINGTON — A report on the year 2000 computer problem prepared by a special Senate panel warns that a number of countries and U.S. economic sectors, especially the health-care industry, appear at significant risk of technological failures and business disruptions.

The report, scheduled for release this week by Senator Robert Bennett, Republican of Utah, and Senator Christopher Dodd, Democrat of Connecticut, includes a letter to Senate colleagues describing the problem of computers' ability to recognize dates starting Jan. 1, 2000, popularly known as Y2K, as a "worldwide crisis" and "one of the most serious and potentially devastating events this nation has ever encountered."

The report is the most comprehensive assessment of the Y2K problem to appear as a committee and governments scramble to fix their computer systems.

The report concludes that the biggest Y2K impact "will occur internationally." In particular, Japan and Venezuela seem to have miscalculated the time and money needed to fix the computer glitch, according to the draft report.

Relying on surveys by consultants, the report suggests that Japan "may have underestimated the resources needed to address the problem," noting that major Japanese banks have indicated far lower repair costs than U.S. banks.

Venezuela and Saudi Arabia lag from a year to 18 months behind the United States in Y2K preparations, raising concerns about the availability of oil and other critical imports, the report said.

International aviation and foreign airports also appear at risk, and "flight rationing to some areas and countries is possible," it said.

In assessing U.S. preparedness, the draft report reserved some of its strongest language for the health-care industry, concluding it "is one of the worst-prepared for Y2K and carries a significant potential for harm."

A CIA official warned separately Wednesday that the Y2K problem could cause breakdowns in nuclear reactors and strategic missile systems, midwinter power outages and disruptions in world trade and oil shipments, The Associated Press reported.

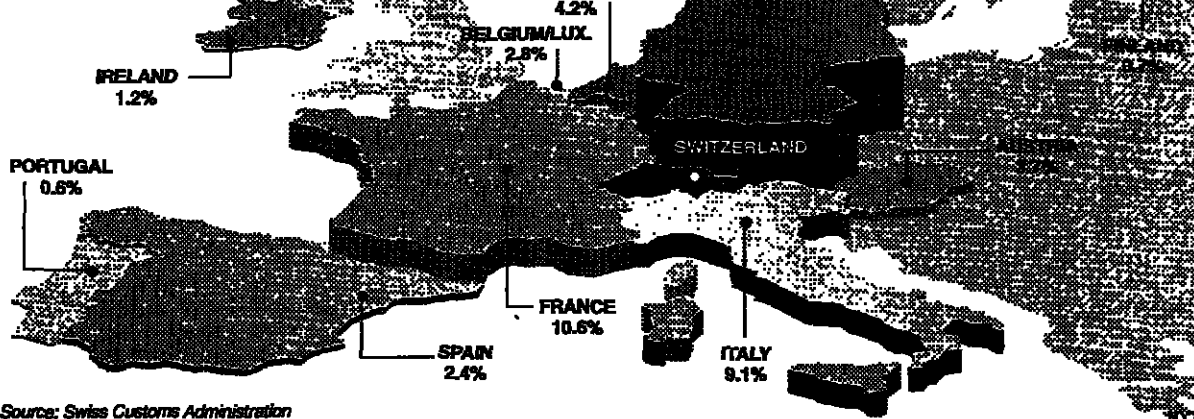
General John Gordon of the air force, deputy director of the CIA, emphasized before the Senate Armed Services Committee that gaps in information made it difficult to assess the scope of the damage in other countries but added that midwinter power outages could have "major humanitarian consequences" in countries such as Russia and Ukraine.

General Gordon said, "We currently do not see a danger of unauthorized or inadvertent launch of ballistic missiles from any country due to Y2K problems." But he said there could be serious local problems with missiles if temperamental problems with missiles break down and that problems in early-warning systems could lead to incorrect information.

Inside, but Not in, the Euro Zone

Switzerland is surrounded by countries that are part of the 11-nation euro currency zone, but it has no plans to join the group, but many Swiss companies and banks will help maintain their extensive business ties with the rest of Europe.

1998 Swiss Trade
IMPORTS \$147 billion
EXPORTS \$150 billion
TOTAL \$297 billion



Source: Swiss Customs Administration

Euro's Attractions Not Lost on Swiss

Banks Lead the Way to Accommodation of Neighbors' New Currency

By John Tagliabue
New York Times Service

ZURICH — The chief executive of a leading machinery company says that in five years his company will adopt the euro. A city council debates whether its citizens should be allowed to pay taxes in euros. Local banks open a clearinghouse in Frankfurt for transfers and settlements in euros.

France? Germany? Another country that has adopted Europe's new single currency?

No, Switzerland, which could not join the 11 nations that have embraced the euro even if it wanted to, because it is not a member of the European Union.

The arrival of the euro is adding fuel to the debate about whether the Swiss, recently immersed in a painful discussion of their financial role as a neutral nation during the Nazi conquest of much of Europe, should forfeit their cherished separatism as Europe unifies all around them.

The country is not expected to give up the venerable Swiss franc in the short or medium term, if ever. The people are divided, their political parties even more so, and a land of glacial public debate — where issues are subjected again and again to referendums — can hardly expect an early or easy decision. Banks are less concerned about which currency to choose than about the bubble in world stock markets or the financial crisis in Brazil.

But none of this has kept the Swiss, especially companies with extensive outside ties, from approaching the euro with an

affection that eclipses that of some of their larger neighbors.

"For us, the euro has become a reality, a new and convenient currency," said Fritz Fahrni, chief executive of Sulzer AG, a \$4 billion-a-year industrial group whose products range from weaving machines to medical devices such as pacemakers. Within five years, Mr. Fahrni said, the euro could supplant the Swiss franc as the official currency at Sulzer, which does more than half of its business elsewhere in Europe.

The euro, even in the 11 participating nations, remains a bookkeeping and securities-trading phenomenon until 2002, when euro bills and coins will come into circulation. In this country, acceptance of the euro started for the most part with the banks, which risked losing international business if they were not prepared.

"Some of the banks we do business with, especially in France and Germany, were not very well prepared," said Klaus Wellershoff, chief economist for Switzerland at the Wertung Dillon Read unit of the Swiss bank UBS AG.

The Swiss franc, the pillar of this small country's financial might, may be too crucial a strut of Swiss prosperity to be jettisoned soon. Still, the reasons for euro enthusiasm seem clear. Switzerland, with just over 7 million people, is surrounded by four euro nations — Germany, France, Italy and Austria — and conducts about 70 percent of its trade with the 15 nations of the European Union; so it is quickly

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South Korean Union Vows 'All-Out Battle' Over Jobs

By Don Kirk
International Herald Tribune

SEOUL — The Korean Confederation of Trade Unions on Wednesday pledged an "all-out battle against the government," pulling out of a commission set up a year ago to address growing unemployment.

The move came after President Kim Dae Jung suggested that more pain was on the way this year for the South Korean labor force.

The response by the confederation, which has 600,000 members, mainly in heavy industries deemed essential to the recovery of the national economy, dramatized the difficulties of placating increasing numbers of workers dismissed from their jobs as companies downsize or go out of business.

The union president, Lee Kah Yong, announcing his union's withdrawal from the commission set up by Mr. Kim after his inauguration as president a year ago, charged that the government was "forcing only workers to make sacrifices."

At the same time, he said, the government was building up more than \$55 billion in foreign-exchange reserves and forecasting 2 percent economic growth this year.

The withdrawal of the confederation from the commission was seen as a severe setback for Mr. Kim's efforts at uniting Koreans behind his economic-recovery campaign. The commission includes representatives from business and government as well as labor.

A less militant union, the Federation of Korean Trade Unions, which has more than 1 million members, remains on the commission. But a spokesman said it might also pull out. The federation has been more cooperative toward the government than the Korean Confederation of Trade Unions, which dominates the labor movement in construction, motor vehicles and shipbuilding.

Spokesmen for both organizations said they planned a "spring labor offensive," with thousands of workers walking out while the government encourages major companies to merge in the interests of efficiency and profitability. A warning strike against automakers was called for Friday.

Mr. Kim, calling unemployment Korea's biggest problem, suggested that

more unemployment was inevitable in the coming months.

"If we cannot restructure and carry out reforms," he said at a news conference called to mark the first anniversary of his presidency, "then the country will collapse."

Mr. Kim said the government had to "minimize the pain of unemployment" and "must spread our safety net so the Korean people will survive."

Analysts, however, said unemployment insurance and public-works projects still were inadequate to protect a growing army of unemployed, officially listed as more than 1.6 million people, or 7.7 percent of the work force. Unemployment insurance lasts for about six months; public-works programs now employ about 300,000 people.

"We don't have an adequate safety net," said Park Nei Hei, an economics professor at Sogang University and adviser to Boston Consulting Co. here. "Many of those people who are out of work are permanently unemployed."

At the headquarters of a union of construction workers, the union's vice president, You Ki Soo, said recent reports showing improvement in the economy only masked the pain that workers still felt.

He said construction was among the hardest-hit industries. Only 400,000 construction workers held permanent jobs, he said, while 1.6 million moved from site to site, doing well in good times and suffering without any kind of unemployment insurance when times were bad.

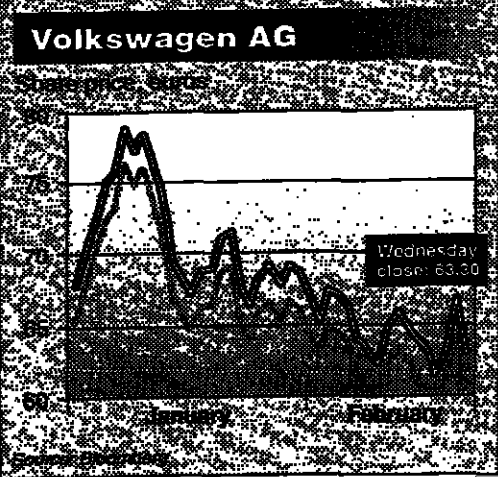
At a job center supported by the union, the outlook was bleak. "Since last December, 400 people have applied for jobs," said Lee Kong Suk, president of the center. "We have 350 people still waiting. The sale of apartment buildings and houses is so low, nobody wants to build them any more."

Import Slump Widens Surplus

South Korea posted a record trade surplus of \$39 billion in 1998, but the dramatic rise was due mainly to a sharp decline in imports rather than a rebound in exports, Agence France-Presse reported. Exports fell 2.8 percent year-on-year, to \$132.3 billion, while imports plunged 35.5 percent, to \$93.3 billion, as the recession curbed demand.

Analysts Dispute VW's Pessimistic '99 Outlook

Compiled by Our Staff From Dispatches



FRANKFURT — Volkswagen AG shares fell sharply Wednesday after the company said it might have to struggle to exceed its 1998 earnings because of weaker car sales, but the stock rebounded after analysts said the company might have been too pessimistic.

The shares were off as much as 12 percent in early trading but recovered later in the day to close at 63 euros (\$69.10), down 34, or 5.1 percent.

VW issued its warning late Tuesday when it reported a 65 percent increase in its earnings for 1998.

"Due to the crisis-ridden

world car market, a further improvement of the group profit in 1999 seems hard to achieve from today's point of view," VW said.

The warning surprised investors, who had expected the popularity of VW's new models such as the New Beetle and Audi TT Coupe to offset slowing worldwide sales growth.

The cost of developing the new models may have outpaced forecasts, while the aggressive use of the platform strategy — using the same chassis in several models — may not have reduced costs as much as expected, analysts said.

"It's a very worrying signal," said Albrecht Denninghoff, an auto industry analyst with Bankgesellschaft Berlin AG. "As VW's new models age, its competitors may have room to take market share away from them."

But other analysts said VW was being too cautious and that its results would not be as bad as predicted, which helped the recovery in VW shares in the afternoon.

"The profit warning took everyone by surprise, and it doesn't fit with our general view of the market," said Lothar Lubinetzki, an analyst at Enskilda Securities in London. "In our view, it's way too cautious, and they should be able to broaden profit margins in 1999."

"They have, in previous years, been very cautious in committing themselves to

huge improvements in earnings," he added.

VW said Tuesday after the close of the market that its 1998 group net profit climbed to 1.15 billion euros as sales increased 18.5 percent to 68.62 billion euros.

After the sharp drop in VW stock early Wednesday, a VW spokesman clarified that the company's 1999 outlook could be overtaken by a positive course of events during the year.

"Maybe they are a little bit pessimistic because they don't want their workers to demand high wages now, which is a problem right now in Germany," said Peter Seppelricke, an analyst at MM Warburg in Hamburg.

"They should not be so pessimistic, because the market situation is not bad right now for Volkswagen," he said.

VW employs about 47,000 workers at its Wolfsburg headquarters and a total of about 140,000 throughout Germany. VW wage negotiations are scheduled to begin next month.

Germany's largest industrial union, IG Metall, this month recommended that a 3.2 percent pay rise plus a 1 percent bonus agreed to in a 14-month deal for the state of Baden-Wuerttemberg be adopted for 3.4 million workers in the sector nationwide.

The wage agreement has been met with scathing criticism by employers. (Reuters, Bloomberg)

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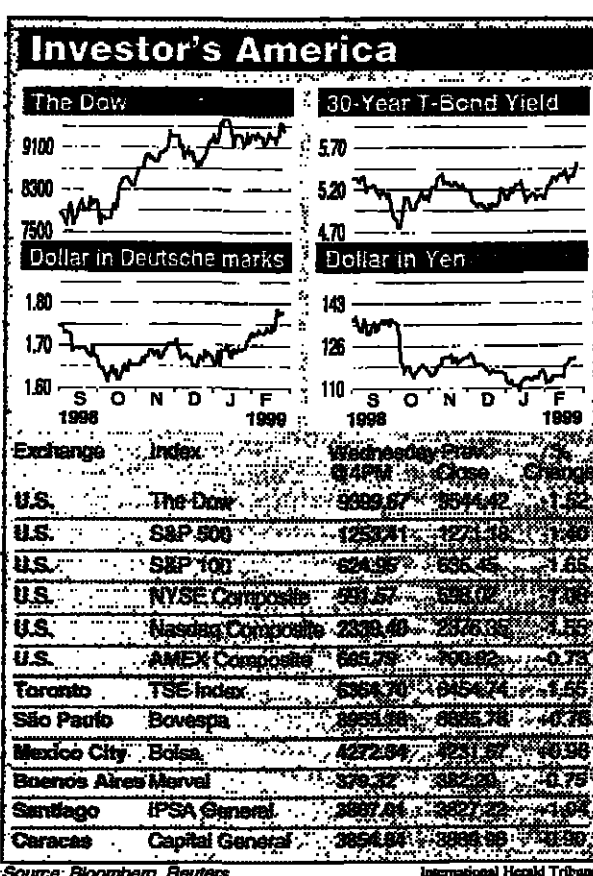
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THE AMERICAS



Dollar Rises Against Yen On Economy

NEW YORK—The dollar rose against the yen Wednesday on expectations that Japan will remain mired in recession while the U.S. economy steams ahead.

The dollar continued to benefit from comments made Tuesday by Alan Greenspan, chairman of the Federal Reserve Board. Mr. Green-

span said the U.S. economy was expanding at a "surprisingly robust" pace with scant inflation, raising speculation that interest rates may rise.

"Our outlook over the long haul is one of dollar strength, given that we don't see the U.S. economy slowing down at all," said Jay Wong at Payden & Rygel in Los Angeles.

In 4 P.M. trading, the dollar rose to 121.67 yen from 120.92 yen late Tuesday in New York.

It also gained slightly against the euro, which was trading at \$1.1000 compared with \$1.0070 on Tuesday, but it fell to 1.4462 Swiss francs from 1.4484 francs. The pound slid to \$1.5965 from \$1.6150.

Meanwhile, the Central Bank of Brazil intervened in currency markets to prop up the real, the first such move since the currency was freed to float against the dollar last month.

The real was at 2.04 to the dollar after the intervention, stronger than its low point of 2.07 to the dollar but slightly weaker than its level of 2.00 to the dollar Tuesday.

(Bloomberg, AFP)

Speed Lane on the Cyber-Highway to Be Tested

By Mark Leibovich
Washington Post Service

WASHINGTON—A pioneering research and education computer network called the Abilene Project went on-line in the United States on Wednesday in a test of what is regarded as the successor to today's Internet.

Abilene, an ultrahigh-speed system with vastly superior video and audio capabilities, initially will connect 37 U.S. universities and allow researchers and scientists seamless access to one another's wisdom through a network built almost entirely with equipment donated by private companies. A test late Wednesday was to transmit by video a gall bladder operation in Ohio nationwide.

"This will enable the nation's learning institutions to get on the fastest track of the information high-

way," said Douglas Van Houweling, president of the University Corporation for Advanced Internet Development, which is overseeing the project. Mr. Van Houweling, a former chief information officer at the University of Michigan, said that Abilene represented a return to the pure research roots of the Internet.

The Internet began in the 1960s as a government-funded project connecting laboratories and federal facilities. But as the medium became commercialized in this decade, it became increasingly congested, leaving many new users frustrated with its slow speed, particularly when delivering audio and video information.

In 1996, a consortium of public and private-sector scientists undertook a project called Internet2. It was hatched as a way for research institutions to circumvent the congestion and speed bumps of today's

Internet by creating a members-only "fast lane" at least several hundred times as fast as Internet users are accustomed to.

Abilene takes its name from a railroad that was built in the 1800s in Abilene, Kansas, and proved pivotal in coast-to-coast transportation. The computer network takes no direct federal subsidies and was built from an array of donated commercial products: Cisco Systems Inc. and Nortel Networks are providing several million dollars in computer networking equipment. Qwest Communications International Inc. is providing 10,000 miles (16,000 kilometers) of its leading-edge fiber-optic network. Indiana University will run the network's day-to-day operation from a center in Indianapolis.

"This will chain together the best networking minds we have," said Guy Cook, vice president of Internet

services at Qwest, which is based in Denver. Qwest helped launch the project by donating an estimated \$500 million worth of commercial fiber-optic network capacity — far and away the biggest contribution among the network's supporters.

According to the University Corporation for Advanced Internet Development, more than 60 universities and research organizations will be connected to Abilene by the end of 1999.

Institutions that wish to join the network must undergo a rigorous application process to prove they are viable research entities.

If approved, an institution would pay \$100,000, plus \$25,000 a year in maintenance and overhead costs.

But that is just a fraction of the overall outlay, since it would cost close to \$1 million to install the infrastructure needed to support the network on a campus.

Weakness in Bond Market Undermines Stocks

NEW YORK—Stock prices fell Wednesday in a late sell-off as bond prices tumbled after a Treasury auction of two-year notes met with tepid demand. American Express and other financial companies — which do best when bond prices rise, driving down yields — led the drop.

"The big issue is the increase in long-term bond yields," said Robert Streed, a money manager with Northern Trust. "I'm surprised more Wall Street strategists haven't advocated putting more assets into bonds from stocks. Stocks relative to bonds are looking expensive."

At the close, the Dow Jones industrial average was down 144.75

points at 9,399.67, the Standard & Poor's 500 index was down 17.77 at 1,253.41, and the Nasdaq composite index was down 36.97 at 2,239.38.

U.S. STOCKS

Declining issues outnumbered advancing ones by a ratio of about 4-to-3 on the New York Stock Exchange.

American Express fell 3 15/16 to 107 11/16, BankAmerica lost 2 13/16 to 64 1/4, and Morgan Stanley Dean Witter fell 6 1/4 to 89 1/4.

Financial companies tend to do best when bond yields decline because that increases the value of the fixed-income securities they hold

and stimulates demand for loans.

Major indexes swung between gains and losses throughout the day. Much of the volatility came from nine computer-guided buy programs and six sell programs, said Dail del Savio, a spokeswoman for Birming Associates Inc., a research firm in Greenwich, Connecticut.

Among the leading decliners was American Greetings, the No. 2 U.S. greeting-cards maker, which fell 1 1/4 to 23 13/16 after it warned that profit in its current year would be less than expected as a push to reduce inventory cut into sales.

The slack demand for the new two-year Treasury note stemmed in part from concern that the Federal

Reserve Board might raise interest rates after cutting them three times late last year.

The concern about higher rates was generated by comments from Alan Greenspan, chairman of the Fed, who said in congressional testimony Tuesday and Wednesday that the U.S. economy continued to roll along. Though, as usual, he did not tip his hand about rates, some traders took his remarks as a warning.

The two-year note auction drew a yield of 5.01 percent, higher than the 4.99 percent expected by analysts. The benchmark 30-year bond traded down 1 1/2 points at 96 7/8, lifting the yield to 5.51 percent from 5.42 percent Tuesday.

NYSE: Borderless Trading Compels Big Board to Extend Hours

Continued from Page 11

whether you like it or not."

Mr. Burnham warned, however, that the transformation could be risky. After-hours trading, as Instinet has already found, is more volatile because there are fewer people buying and selling stocks. Someone may venture out to sell a stock and search all night for a buyer.

In order to have a viable market, he said, about 50,000 shares would have to trade every night. In a few years, it is likely that we could reach that mass," he said. "Then we will have a lively but delicate market for several years to come."

On the West Coast, some brokers already grumble about getting to

the office in time for the markets to open at 6:30 A.M. Pacific time. In fact, a plan to extend hours several years ago was stymied by NYSE members on the West Coast, who complained that they already arrived at work by 4:30 A.M. to begin researching stocks.

"It's all sort of scary," said Betsy Roselli, a trader at Black & Co. in Portland, Oregon. "Now, I close positions and go home knowing what my situation is in the morning. Now am I going to have to come to work? Are people going to start staffing around the clock? No, thank you."

Several major specialists firms are in a quandary. For several weeks, members of the Big Board have been meeting with

Mr. Grasso to push him to embrace technology, criticizing the pace at which the exchange has taken action. On the other hand, they don't want to turn their lives upside down.

Schwab Suffers On-Line Crash

The main Web site for Charles Schwab Corp.'s on-line investing customers crashed shortly after the market opened Wednesday and out of service more than an hour, Bloomberg News reported from San Francisco.

The outage struck as the company's president and co-chief executive, David Pottruck, was finishing a speech at a New York conference on information technology for the securities industry.

EURO: Swiss Consider Joining

Continued from Page 11

becoming a two-currency nation. Manufacturers are ready to do business in euros, hotels to take payment in euros. Big retailers such as Migros AG, a kind of Swiss Wal-Mart, are programming cash registers for euros as well as Swiss francs.

Officially, any significant participation will take longer — perhaps much longer. Rudolf Baer, chief executive of Bank Julius Baer, expects that East European countries in line to join the European Union in the next few years will take precedence. Switzerland, whose voters rejected a move toward European Union membership in a referendum in 1992, does not have a realistic chance of joining the European Union, he said, before 2010.

One big concern in the meantime is that the Swiss franc could grow too strong. If, at any point, a weakening euro spurs a flight of investment capital into Switzerland, the Swiss franc's value would rise, making the country's exports more expensive and undermining growth.

Some large Swiss companies base their business on currencies other than the franc. ABB, a Swiss-British industrial group, uses the dollar. "We're seen as a global company," Goran Lindahl, ABB's president and chief executive, said in an interview. "If we go to the euro, then we are seen as a European company."

Sull, Mr. Lindahl will not rule out somewhere down the line, having ABB quote its shares on European stock markets in euros as well as in Swiss francs and Swedish kronor, as it does now. And ABB is fully prepared to bill customers in euros if they wish, and to pay suppliers in euros. Over time, ABB expects to use fewer currencies, lowering transaction costs and perhaps simplifying bookkeeping. It thinks this will reduce administrative costs, though it cannot say by how much.

The Swiss machinery industry — the biggest exporter, with \$37 billion in outside revenue — consists not only of giants like ABB but also of midsize manufacturers like Sulzer AG, and they are fast shifting to euros. Roughly two-thirds of total Swiss machinery exports go to European Union countries.

Two years ago, Mr. Fahmi pushed Sulzer's accountants and computer specialists to begin preparations, so that by the beginning of last month, when the 11 countries formally adopted the euro, "almost all internal procedures, like billing and receiving euros," were in place. In recent negotiations with Sulzer's fuel-oil suppliers in London, Mr. Fahmi was told that long-term contracts for oil would soon be in euros.

The euro, he said, will eliminate the costs of hedging against currency fluctuations, shaving 1 percent to 2 percent off transaction costs for the sale of products such as textile looms.

But there are risks. If the euro weakens against the Swiss franc, Sulzer bears the currency loss. From 1994 to 1995, the dollar slipped nearly 25 percent against the Swiss franc, so while Sulzer's business in the United States grew 10 percent in dollar terms, it shrank 5 percent in francs. "To a lot of outside people, that was hard to understand," Mr. Fahmi said.

Thus, for many Swiss business leaders and economists, "considerable concern" exists for the stability of the Swiss franc and euro exchange rate, said Georg Rich, chief economist at the Swiss central bank. The flip side is that the reliable franc helps bolster Switzerland's position as a prime banking nation.

INTERNATIONAL FUTURES

Wednesday, Feb. 24

High Low Last Close Open

Grains

CORN (CBOT)

Mar 99 215 216 215 215 215

May 99 215 216 215 215 215

Jul 99 215 216 215 215 215

Soybean Meal (CBOT)

Mar 99 12.12 12.12 12.12 12.12 12.12

May 99 12.12 12.12 12.12 12.12 12.12

Jul 99 12.12 12.12 12.12 12.12 12.12

Soybean Oil (CBOT)

Mar 99 27.00 27.00 27.00 27.00 27.00

May 99 27.00 27.00 27.00 27.00 27.00

Jul 99 27.00 27.00 27.00 27.00 27.00

Wheat (CBOT)

Mar 99 2.14 2.14 2.14 2.14 2.14

May 99 2.14 2.14 2.14 2.14 2.14

Jul 99 2.14 2.14 2.14 2.14 2.14

Live Cattle (CME)

Mar 99 44.00 44.00 44.00 44.00 44.00

May 99 44.00 44.00 44.00 44.00 44.00

Jul 99 44.00 44.00 44.00 44.00 44.00

Feeder Cattle (CME)

Mar 99 44.00 44.00 44.00 44.00 44.00

May 99 44.00 44.00 44.00 44.00 44.00

Jul 99 44.00 44.00 44.00 44.00 44.00

Hog (CME)

Mar 99 44.00 44.00 44.00 44.00 44.00

May 99 44.00 44.00 44.00 44.00 44.00

Jul 99 44.00 44.00 44.00 44.00 44.00

Pork (CME)

Mar 99 44.00 44.00 44.00 44.00 44.00

May 99 44.00 44.00 44.00 44.00 44.00

Jul 99 44.00 44.00 44.00 44.00 44.00

Chicken (CME)

Mar 99 44.00 44.00 44.00 44.00 44.00

May 99 44.00 44.00 44.00 44.00 44.00

Jul 99 44.00 44.00 44.00 44.00 44.00

Egg (CME)

Mar 99 44.00 44.00 44.00 44.00 44.00

May 99 44.00 44.00 44.00 44.00 44.00

Jul 99 44.00 44.00 44.00 44.00 44.00

Gold (COMEX)

Mar 99 44.00 44.00 44.00 44.00 44.00

May 99 44.00 44.00 44.00 44.00 44.00

Jul 99 44.00 44.00 44.00 44.00 44.00

Silver (COMEX)

Mar 99 44.00 44.00 44.00 44.00 44.00

May 99 44.00 44.00 44.00 44.00 44.00

Jul 99 44.00 44.00 44.00 44.00 44.00

Wednesday, Feb. 24

High Low Last Close Open

Orange Juice (ICE)

Mar 99 21.00 21.00 21.00 21.00 21.00

May 99 21.00 21.00 21.00 21.00 21.00

Jul 99 21.00 21.00 21.00 21.00 21.00

Gold (COMEX)

Mar 99 44.00 44.00 44.00 44.00 44.00

May 99 44.00 44.00 44.00 44.00 44.00

Jul 99 44.00 44.00 44.00 44.00 44.00

Platinum (COMEX)

Mar 99 44.00 44.00 44.00 44.00 44.00

May 99 44.00 44.00 44.00 44.00 44.00

Jul 99 44.00 44.00 44.00 44.00 44.00

Palladium (COMEX)

Mar 99 44.00 44.00 44.00 44.00 44.00

May 99 44.00 44.00 44.00 44.00 44.00

Jul 99 44.00 44.00 44.00 44.00 44.00

Japanese Yen (CME)

Mar 99 44.00 44.00 44.00 44.00 44.00

May 99 44.00 44.00 44.00 44.00 44.00

Jul 99 44.00 44.00 44.00 44.00 44.00

Swiss Franc (CME)

Mar 99 44.00 44.00 44.00 44.00 44.00

May 99 44.00 44.00 44.00 44.00 44.00

Jul 99 44.00 44.00 44.00 44.00 44.00

British Pound (CME)

Mar 99 44.00 44.00 44.00 44.00 44.00

May 99 44.00 44.00 44.00 44.00 44.00

Jul 99 44.00 44.00 44.00 44.00 44.00

Canadian Dollar (CME)

Mar 99 44.00 44.00 44.00 44.00 44.00

May 99 44.00 44.00 44.00 44.00 44.00

Jul 99 44.00 44.00 44.00 44.00 44.00

Mexican Peso (CME)

Mar 99 44.00 44.00 44.00 44.00 44.00

May 99 44.00 44.00 44.00 44.00 44.00

Jul 99 44.00 44.00 44.00 44.00 44.00

Indian Rupee (CME)

Mar 99 44.00 44.00 44.00 44.00 44.00

May 99 44.00 44.00 44.00 44.00 44.00

Jul 99 44.00 44.00 44.00 44.00 44.00

Chinese Yuan (CME)

Mar 99 44.00 44.00 44.00 44.00 44.00

May 99 44.00 44.00 44.00 44.00 44.00

Jul 99 44.00 44.00 44.00 44.00 44.00

South African Rand (CME)

Mar 99 44.00 44.0

EUROPE

Ouster of Soudek at Skoda Rattles Czech Industrial Sector

By Peter S. Green
International Herald Tribune

PRAGUE — The Czech Republic's debt-ridden industrial sector was in shock Wednesday over the firing of one of the country's most prominent businessmen, Lubomir Soudek, as chairman and chief executive of Skoda AS, the troubled heavy-machinery and truck manufacturer.

Creditor banks, which control Skoda's supervisory board, said Mr. Soudek was fired Monday for persistently failing to turn a profit despite several years of healthy revenue at the Pilsen-based company.

But analysts say the banks' easy credit in the mid-1990s encouraged Mr. Soudek to waste money acquiring unprofitable companies. They say that Skoda is now likely to be broken up to cover its debts and that other large companies will suffer the same fate this year.

"The balance of power has shifted to the banks," said Ondrej Datka, an analyst at Patria Finance AS in Prague.

Skoda AS is not connected to Skoda Automobilovna AS, the profitable automaker owned by Volkswagen AG of Germany.

Because Skoda is one of the Czech Republic's largest companies, with 17,000 employees, mainly in the west Bohemian city of Pilsen, and debts of at least 20.5 billion koruny (\$594 million), its troubles are attracting national attention.

"Soudek — victim or bad manager?" asked a front-page headline in the Mlada Fronta Dnes newspaper Wednesday.

Skoda was a poster child for the Czech Republic's own brand of cronyism, which tied large companies, government-owned banks and the governing parties that brought down Prime Minister Vaclav Klaus in late 1997. An audit last year established that Mr. Soudek personally transferred 1 million koruny into an account of Mr. Klaus's Civic Democratic Party in 1994, the same year he received large loans from state-controlled banks including Komerční Banka AS.

A spokesman for Komerční, which sits on Skoda's supervisory board, said it would move quickly to improve the company's financial management and would either find strategic partners or shut down divisions that could not be run profitably. Komerční, which the government hopes to sell soon, lost at least 10 billion koruny last year.

Analysts said the Skoda brand name, which has represented the best in Czech engineering for more than 100 years, was probably history.

"The most likely scenario is to split up the Skoda holding and sell the subsidiaries and all the assets to strategic investors," said Petr Dedek at Erste Bank in Prague.

Skoda's consolidated sales fell slightly from 23.5 billion koruny in 1996 to 23.4

billion koruny in 1997, and analysts expect that 1998 sales reached only 18 billion to 19 billion koruny. Its loss widened from 2.2 billion koruny in 1996 to 3.8 billion koruny in 1997 and could be between 500 million and 1 billion koruny for 1998.

Skoda's share price rose 0.17 koruny to close at 120, compared with its all-time high of 997 on July 1, 1997.

"He bought the companies, and the next step should have been restructuring and cutting back, but Soudek couldn't do it," Mr. Dedek of Erste Bank said.

Mr. Soudek, who claims to own 28 percent of Skoda through a company he owns, has vowed to fight his way back. A general shareholders meeting is scheduled for March 25, and the Frankfurt Stock Exchange's custody agent is holding a bundle of Skoda shares — about 15 percent and growing daily — that analysts said could be the key to Skoda's fate.

If these shares are Mr. Soudek's, analysts said, he could threaten a court-ordered bankruptcy to force the bank to buy up his shares at a hefty premium. But analysts said Mr. Soudek, who once said the company should erect a statue of him next to that of its founder, Emil Skoda, may seek to retain some executive position at Skoda.

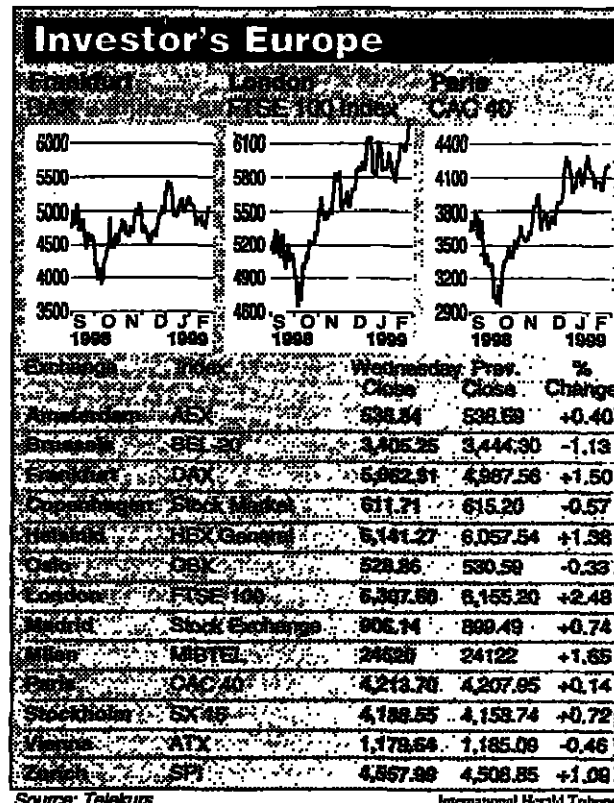
The banks' crackdown on Skoda means other Czech industrial giants may now be in trouble, analysts said. These include Chema-

pol Group AS, a petrochemical giant that owes some 30 billion koruny to its bankers, and CKD Praha, an engineering company that recently ended control of a rail-car venture to Siemens AG after massive cost overruns.

Prime Minister Milos Zeman has said that a third of Czech companies face possible collapse brought on by the economic policies of his conservative predecessor, Mr. Klaus. High debt burdens, high interest rates and a failure to restructure for post-Communist markets have left hundreds of companies facing bankruptcy or sale to foreign investors.

During Mr. Klaus's six-year rule, political pressure on state-owned banks kept loans flowing to industrial concerns, keeping unemployment low and economic growth high. But a year after Mr. Klaus left office, the country is mired in recession, unemployment and trade deficits are rising, and the currency is falling. A recent government report said living standards had fallen back to 1990 levels.

Mr. Soudek was the most prominent of a wave of younger Communist-era technocrats who took control of Czech industry by exploiting the country's loosely regulated mass privatization program and leveraging themselves into ownership slots at companies they had managed. Like Mr. Soudek, many were competent chemical or mechanical engineers, but they failed to master the financial skills their companies needed to thrive in the post-Communist world.



Very briefly:

- The Financial Times-Stock Exchange 100-share index in London powered to a record close of 6,307.6 points, more than 100 points above its old record, fired by strong corporate results. The DAX index in Frankfurt was up 1.5 percent, and the CAC-40 in Paris was slightly higher.
- Deutsche Telekom AG plans to spend more than 20 billion Deutsche marks (\$11.3 billion) on acquisitions to strengthen its global position, the German magazine Capital reported.
- Allianz AG's net income rose 30 percent in 1998, to 3.5 billion Deutsche marks (\$1.97 billion), above expectations, led by increased income from its investments in stocks and bonds and a gain in life and casualty insurance.
- Spain's gross domestic product grew 3.8 percent in 1998, and the government said the first-quarter economic growth rate this year could be almost as high.
- Dassault Aviation SA posted unchanged net profit for 1998 of 206 million euros (\$226.7 million) and saw a jump in orders of 10 million French francs (\$1.68 billion), with strong sales of both combat planes and business jets.
- Swiss Life/Rentensanstalt, a Swiss life insurer, plans to buy Lloyd Continental, a privately held French health-care insurer, for 3.24 billion French francs.
- Standard Chartered PLC will set aside more money for problem loans in Asia this year while increasing investment in the region.
- Prudential Corp., Britain's largest insurer, posted a 2.4 percent decline in 1998 pretax profit, to £1.14 billion (\$1.84 billion), on higher sales through independent salesmen in Britain and new products in the United States.

AFP, Bloomberg, Reuters

Pay-TV Talks Draw Regulatory Scrutiny

Bloomberg News

BRUSSELS — The European Union competition commissioner, Karel van Miert, said Wednesday he was closely monitoring talks between the two biggest European pay-TV companies for signs of anti-competitive behavior.

Canal Plus SA of France, the biggest pay-TV company in Europe, and British Sky Broadcasting Group PLC of Britain have reportedly discussed forming a pan-European pay-TV superpower, though both have declined to comment.

"We are very sensitive to this matter," Mr. van Miert said at a news conference.

Analysts said Mr. van Miert may be more amenable to the companies cooperating in one area, such as digital television, or in one country, than to a full-fledged merger that could stifle competition.

Marks & Spencer Removes 31 Top Executives

Compiled by Our Staff From Dispatches

LONDON — Marks & Spencer PLC fired three board directors and 28 divisional managers Wednesday, continuing a restructuring aimed at putting its struggling retail business back on track.

The company said the removal of 31 of the 125 top executives would mean an exceptional charge of £10 million (\$16.15 million) in the current financial year.

The changes "will enable us to be better focused and thus move strongly forward again," the chairman, Sir Richard Greenbury, said in a statement. In all, the reorganization will cut the board to 16 from 23 over two years, the company said.

The executives who were fired, just a few weeks after a new chief executive, Peter Salisbury, took charge, included the company's U.S. chief, Chris Littmoden, fueling speculation that Marks & Spencer might

sell off its U.S. businesses Brooks Brothers and Kings Supermarkets. Marks & Spencer's shares rose 19.75 pence to close at 401.75.

Marks & Spencer issued a profit warning last month after a sales slump in its home market that followed a boardroom dispute over the succession to Sir Richard Greenbury. The three board executives

who will take early retirement May 31 are Derek Hayes, in charge of continental Europe; Mr. Littmoden, who runs the North American business, and John Sacher, responsible for information technology and distribution.

Last month, Marks & Spencer restructured its businesses into three divisions — British retail, overseas

retail and financial services.

Mr. Salisbury said the changes would shorten reporting lines to the board.

"Decision making will be devolved," he said, "enabling us to respond more effectively to our customers and to compete better in all our markets."

(Reuters, Bloomberg)

More Public-Sector Strikes in Germany

Agence France-Press

FRANKFURT — In a continuing wage battle in Germany's public sector, the OetV and DAG unions extended warning strikes Wednesday, bringing public transportation and garbage collection to a standstill in a number of regions.

In the state of Baden-Wuerttemberg, buses and streetcars remained in their depots in Stuttgart, Karlsruhe, Esslingen and Heidelberg.

More than 700 garbage collectors in Heidelberg left waste cans on the roadside to take part in a demonstration. And bus services were disrupted in a number of towns and cities in the state of North Rhine-Westphalia.

Wage talks for the 3.2 million people employed in the sectors are scheduled to enter their third round on Friday. The unions are calling for a wage increase of 5.5 percent.

WORLD STOCK MARKETS

Wednesday, Feb. 24	High	Low	Close	Prev.	Tel Aviv	High	Low	Close	Prev.	Tokyo	High	Low	Close	Prev.	Toronto	High	Low	Close	Prev.																
Prices in local currencies					In euros for ECU countries					TSE Indices: 4484.54					TSE Indices: 4484.54																				
Telecom					High					Prev.: 4454.74					Prev.: 4454.74																				
Amsterdam					Amsterdam					Amsterdam					Amsterdam																				
ABN-AMRO	19.20	18.45	18.95	19.20	ABN-AMRO	19.20	18.45	18.95	19.20	ABN-AMRO	19.20	18.45	18.95	19.20	ABN-AMRO	19.20	18.45	18.95	19.20																
Alkerm	12.50	12.00	12.20	12.50	Alkerm	12.50	12.00	12.20	12.50	Alkerm	12.50	12.00	12.20	12.50	Alkerm	12.50	12.00	12.20	12.50																
Alkerm	12.50	12.00	12.20	12.50	Alkerm	12.50	12.00	12.20	12.50	Alkerm	12.50	12.00	12.20	12.50	Alkerm	12.50	12.00	12.20	12.50																
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Alkerm	12.50	12.00	12.20	12.50	Alkerm	12.50	12.00	12.20	12.50	Alkerm	12.50	12.00	12.20	12.50	Alkerm	12.50	12.00	12.20	12.50																
Alkerm	12.50	12.00	12.20	12.50	Alkerm	12.50	12.00																												

Wednesday's 4 P.M. Close
The 2,300 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere.
The Associated Press.

ABW	1970	1.0	1000000
ABW	1971	1.0	1000000
ABW	1972	1.0	1000000
ABW	1973	1.0	1000000
ABW	1974	1.0	1000000
ABW	1975	1.0	1000000
ABW	1976	1.0	1000000
ABW	1977	1.0	1000000
ABW	1978	1.0	1000000
ABW	1979	1.0	1000000
ABW	1980	1.0	1000000
ABW	1981	1.0	1000000
ABW	1982	1.0	1000000
ABW	1983	1.0	1000000
ABW	1984	1.0	1000000
ABW	1985	1.0	1000000
ABW	1986	1.0	1000000
ABW	1987	1.0	1000000
ABW	1988	1.0	1000000
ABW	1989	1.0	1000000
ABW	1990	1.0	1000000
ABW	1991	1.0	1000000
ABW	1992	1.0	1000000
ABW	1993	1.0	1000000
ABW	1994	1.0	1000000
ABW	1995	1.0	1000000
ABW	1996	1.0	1000000
ABW	1997	1.0	1000000
ABW	1998	1.0	1000000
ABW	1999	1.0	1000000
ABW	2000	1.0	1000000
ABW	2001	1.0	1000000
ABW	2002	1.0	1000000
ABW	2003	1.0	1000000
ABW	2004	1.0	1000000
ABW	2005	1.0	1000000
ABW	2006	1.0	1000000
ABW	2007	1.0	1000000
ABW	2008	1.0	1000000
ABW	2009	1.0	1000000
ABW	2010	1.0	1000000
ABW	2011	1.0	1000000
ABW	2012	1.0	1000000
ABW	2013	1.0	1000000
ABW	2014	1.0	1000000
ABW	2015	1.0	1000000
ABW	2016	1.0	1000000
ABW	2017	1.0	1000000
ABW	2018	1.0	1000000
ABW	2019	1.0	1000000
ABW	2020	1.0	1000000
ABW	2021	1.0	1000000
ABW	2022	1.0	1000000
ABW	2023	1.0	1000000
ABW	2024	1.0	1000000
ABW	2025	1.0	1000000
ABW	2026	1.0	1000000
ABW	2027	1.0	1000000
ABW	2028	1.0	1000000
ABW	2029	1.0	1000000
ABW	2030	1.0	1000000
ABW	2031	1.0	1000000
ABW	2032	1.0	1000000
ABW	2033	1.0	1000000
ABW	2034	1.0	1000000
ABW	2035	1.0	1000000
ABW	2036	1.0	1000000
ABW	2037	1.0	1000000
ABW	2038	1.0	1000000
ABW	2039	1.0	1000000
ABW	2040	1.0	1000000
ABW	2041	1.0	1000000
ABW	2042	1.0	1000000
ABW	2043	1.0	1000000
ABW	2044	1.0	1000000
ABW	2045	1.0	1000000
ABW	2046	1.0	1000000
ABW	2047	1.0	1000000
ABW	2048	1.0	1000000
ABW	2049	1.0	1000000
ABW	2050	1.0	1000000
ABW	2051	1.0	1000000
ABW	2052	1.0	1000000
ABW	2053	1.0	1000000
ABW	2054	1.0	1000000
ABW	2055	1.0	1000000
ABW	2056	1.0	1000000
ABW	2057	1.0	1000000
ABW	2058	1.0	1000000
ABW	2059	1.0	1000000
ABW	2060	1.0	1000000
ABW	2061	1.0	1000000
ABW	2062	1.0	1000000
ABW	2063	1.0	1000000
ABW	2064	1.0	1000000
ABW	2065	1.0	1000000
ABW	2066	1.0	1000000
ABW	2067	1.0	1000000
ABW	2068	1.0	1000000
ABW	2069	1.0	1000000
ABW	2070	1.0	1000000
ABW	2071	1.0	1000000
ABW	2072	1.0	1000000
ABW	2073	1.0	1000000
ABW	2074	1.0	1000000
ABW	2075	1.0	1000000
ABW	2076	1.0	1000000
ABW	2077	1.0	1000000
ABW	2078	1.0	1000000
ABW	2079	1.0	1000000
ABW	2080	1.0	1000000
ABW	2081	1.0	1000000
ABW	2082	1.0	1000000
ABW	2083	1.0	1000000
ABW	2084	1.0	1000000
ABW	2085	1.0	1000000
ABW	2086	1.0	1000000
ABW	2087	1.0	1000000
ABW	2088	1.0	1000000
ABW	2089	1.0	1000000
ABW	2090	1.0	1000000
ABW	2091	1.0	1000000
ABW	2092	1.0	1000000
ABW	2093	1.0	1000000
ABW	2094	1.0	1000000
ABW	2095	1.0	1000000
ABW	2096	1.0	1000000
ABW	2097	1.0	1000000
ABW	2098	1.0	1000000
ABW	2099	1.0	1000000
ABW	2100	1.0	1000000
ABW	2101	1.0	1000000
ABW	2102	1.0	1000000
ABW	2103	1.0	1000000
ABW	2104	1.0	1000000
ABW	2105	1.0	1000000
ABW	2106	1.0	1000000
ABW	2107	1.0	1000000
ABW	2108	1.0	1000000
ABW	2109	1.0	1000000
ABW	2110	1.0	1000000
ABW	2111	1.0	1000000
ABW	2112	1.0	1000000
ABW	2113	1.0	1000000
ABW	2114	1.0	1000000
ABW	2115	1.0	1000000
ABW	2116	1.0	1000000
ABW	2117	1.0	1000000
ABW	2118	1.0	1000000
ABW	2119	1.0	1000000
ABW	2120	1.0	1000000
ABW	2121	1.0	1000000
ABW	2122	1.0	1000000
ABW	2123	1.0	1000000
ABW	2124	1.0	1000000
ABW	2125	1.0	1000000
ABW	2126	1.0	1000000
ABW	2127	1.0	1000000
ABW	2128	1.0	1000000
ABW	2129	1.0	1000000
ABW	2130	1.0	1000000
ABW	2131	1.0	1000000
ABW	2132	1.0	1000000
ABW	2133	1.0	1000000
ABW	2134	1.0	1000000
ABW	2135	1.0	1000000
ABW	2136	1.0	1000000
ABW	2137	1.0	1000000
ABW	2138	1.0	1000000
ABW	2139	1.0	1000000
ABW	2140	1.0	1000000
ABW	2141	1.0	1000000
ABW	2142	1.0	1000000
ABW	2143	1.0	1000000
ABW	2144	1.0	1000000
ABW	2145	1.0	1000000
ABW	2146	1.0	1000000
ABW	2147	1.0	1000000
ABW	2148	1.0	1000000
ABW	2149	1.0	1000000
ABW	2150	1.0	1000000
ABW	2151	1.0	1000000
ABW	2152	1.0	1000000
ABW	2153	1.0	1000000
ABW	2154	1.0	1000000
ABW	2155	1.0	1000000
ABW	2156	1.0	1000000
ABW	2157	1.0	1000000
ABW	2158	1.0	1000000
ABW	2159	1.0	1000000
ABW	2160	1.0	1000000
ABW	2161	1.0	1000000
ABW	2162	1.0	1000000
ABW	2163	1.0	1000000
ABW	2164	1.0	1000000
ABW	2165	1.0	1000000
ABW	2166	1.0	1000000
ABW	2167	1.0	1000000
ABW	2168	1.0	1000000
ABW	2169	1.0	1000000
ABW	2170	1.0	1000000
ABW	2171	1.0	1000000
ABW	2172	1.0	1000000
ABW	2173	1.0	1000000
ABW	2174	1.0	1000000
ABW	2175	1.0	1000000
ABW	2176	1.0	1000000
ABW	2177	1.0	1000000
ABW	2178	1.0	1000000
ABW	2179	1.0	1000000
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ABW	2201	1.0	1000000
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ABW	2279	1.	

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NASDAQ

[illegible]**AMEX**

Stock	Sale	High	Low	Latest	Open
Am. Tobacco	100	100	100	100	100
Am. Sugar	100	100	100	100	100
Am. Oil	100	100	100	100	100
Am. Cotton	100	100	100	100	100
Am. Lumber	100	100	100	100	100
Am. Grain	100	100	100	100	100
Am. Coal	100	100	100	100	100
Am. Iron	100	100	100	100	100
Am. Steel	100	100	100	100	100
Am. Copper	100	100	100	100	100
Am. Lead	100	100	100	100	100
Am. Zinc	100	100	100	100	100
Am. Nickel	100	100	100	100	100
Am. Silver	100	100	100	100	100
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Am. Vanadium	100	100	100	100	100
Am. Chromium	100	100	100	100	100
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INTERNATIONAL INVESTING

If Good Dividends Attract You, Some Stocks Still Offer Them

WASHINGTON — Hardly anyone seems to care about dividend income any more. The average stock on the Dow Jones industrial average currently has a yield of just 1.6 percent. Invest \$1,000 and get checks for \$160 this year.

Most investors figure, "Why should I bother with piddling income when I can get huge growth?" Microsoft Corp. pays no dividend at all, but over the last four years it has soared 865 percent. Dividends are now seen as a sign that a stock is a slug.

And do not forget that you pay taxes on dividends and interest each year, while you can let your capital appreciation on a stock ride tax-free forever.

But income can also be beautiful — and a time like this, when investors thumb their noses at dividend stocks, may be the best time of all to buy.

One example of what is available is a remarkable company called Allied Capital Corp. Allied makes most of its profit by lending money to small businesses at double-digit interest rates. Then, each year, like a real estate investment trust, it passes nearly all of that profit directly to its shareholders.

In 1998, Allied paid dividends total-

ing \$1.43 a share. On Tuesday, the stock closed at \$16.75 a share. So its "indicated yield" (that is, its annualized dividend as a percentage of its price) is 8.5 percent.

That is a delicious number — especially compared with long-term Treasury bonds, which are yielding around 5.4 percent. The difference between a stock and a bond is that dividends tend to rise while interest payments are fixed. Of course, there is another difference: Stocks do not guarantee their payouts, or even that they will send you a check at all.

So it is reassuring to learn that Allied has paid dividends since 1964, increasing them every year. Assume you buy Allied tomorrow and that the company increases its payout by 8 percent annually for the next 10 years — about average for the company. The dividend would go from \$1.43 to \$3.09, and you would be earning a return on your original investment of 18 percent a year.

Still, investors should keep in mind such troubled companies as Capstead Mortgage Co., which used considerable debt to purchase mortgage securities and had to stop paying its dividend last summer after suffering losses. The stock plunged 73 percent.

But Capstead is a risky business. Al-

JAMES K. GLASSMAN / ON INVESTING

lied's history indicates that it is not William Walton, who became chief executive in 1997, said that over 40 years, loan losses have averaged just 1 percent of outstanding debt.

Allied targets what Mr. Walton calls "a big hole in the market" — businesses that are too small to issue their own debt and that need money for longer periods than banks will tolerate. "We piggyback on top of deals" made by private-equity funds such as the Carlyle Group in Washington or Kohlberg Kravis, Roberts & Co. in New York. Those firms mainly take back stock or warrants for their money while Allied mainly earns interest on loans.

Mr. Walton, who once served as personal venture-capital adviser to William Paley, the late CBS chairman, continues to put the bulk of Allied's \$856 million in assets into the solid, boring businesses he truly loves — Sydran Food Services II, an operator of Burger King restaurants; Liqui-Dri Foods Inc., frozen foods; Schwinn Holdings Corp., the bicycle maker; AMF Bowling Inc.; Loewen Group Inc., funeral services; and Gibson Guitar Co.

How does Allied decide whether a company is worthy of its loans — which, by the way, averaged 12.5 percent in interest last year?

Mr. Walton said he looks for companies with a strong market share and a high customer-retention rate. Also, he wants a strong balance sheet, above-average profit margins, high returns on invested capital — but not much new capital required each year.

Sounds great, but do such companies exist? Absolutely. Thousands of them. Mr. Walton points to some that have been Allied customers: a company with a 70 percent share of the market in the tape that goes on Venetian blinds, another that makes auto radiators as replacements for used cars, one that dominates the business of making the enamel for nail polish and a giant in cake-baking accessories.

"We want to lend to companies we are comfortable with, that we understand," he said. "My lesson to small investors is that this is overwhelmingly a common-sense business. What you need to know is why a company is going to grow."

In 1998, Allied originated or purchased loans totaling \$524 million — 44 percent more than in the previous year. Net income rose 21 percent, to \$78 million. The company's return on equity (or earnings as a percentage of what shareholders have invested in the company) increased to a hefty 19 percent.

But right now, investors are not impressed: Allied stock is down for the year and off more than \$10 from its April 1998 high. It was battered in autumn as investors abandoned private lenders in a flight to quality (that is, to Treasury bonds). The stock's recovery since October has been painfully slow.

But true income investors should not care as much about the stock price as about the yield and about the chances that the annual payout will increase. After all, would you rather have bought Allied at \$27 last April, when it was yielding 5 percent, or at \$16.75 today, when it is yielding more than 8 percent?

The big question is the future, and Allied seems to be taking advantage of bargains the market is offering. This week the company is buying \$160 million in junk-rated commercial real estate debt from Deutsche Bank Securities Inc. and Morgan Stanley Dean Witter & Co. After the Russian loan default, the mar-

Value Line's Picks

Washington Post Service
Each week, the Value Line Investment Survey produces lists of "screened" stocks that meet stringent qualifications. They must have price appreciation potential for the next three to five years, earnings growth averaging at least 25 percent for the last five years, average safety and above-average timeliness.

The winners: Keane Inc., software; Jones Pharma Inc., drugs; Robert Half International Inc., staffing; Geach Holdings Corp., lottery; United HealthCare Corp., health management; Concord EFS Inc., electronic transactions; Esterline Technologies Corp., robotics; 3Com Corp., networking; Barr Laboratories Inc., drugs; and Omnicare Inc., geriatrics.

—JAMES K. GLASSMAN

ket in below-investment-grade mortgages, even in the United States, tanked. But deals now appear attractive — yields of 15 percent — for companies willing to take the plunge.

James K. Glassman's e-mail address is jkglassman@ihf.com. He welcomes comments but regrets that he cannot answer all queries.

Investor Beware: Trade On-Line but at Your Own Risk

By Gretchen Morgenson
New York Times Service

NEW YORK — It has become fashionable for investors to think they no longer need brokers to help them with their investments. A computer, a modem and an on-line account, so the thinking goes, are all one needs to make a fortune in stocks.

Never mind that a big part of an honest broker's job is keeping his or her customers away from investment mistakes, a task that not even the smartest machine can do.

The fact is, the electronic access to stocks that is possible today requires of on-line investors a heightened responsibility for their actions, and

few investors may realize just what this responsibility involves.

Investors may not know, for example, that if their on-line trading company is a member of the National Association of Securities Dealers and problems crop up in their accounts, they may be left holding the bag.

In the United States, about 100 brokerage firms offer on-line trading services. Those that are members of the New York Stock Exchange abide by its rules; companies that belong to the NASD follow its regulations.

A little-known but crucial difference between the two sets of rules leaves investors who use association brokers more vulnerable. The difference involves "suitability," a

pillar of the securities laws.

The New York Stock Exchange essentially requires its members to make sure that an investment is suited to a client's needs and circumstances before making the sale, even if the transaction was the investor's idea, not the broker's.

By contrast, if a customer trading through an NASD company buys a stock that has not been recommended by the broker, the company is under no obligation to evaluate whether the investment is appropriate.

Although this difference has existed for years, the popularity of on-line trading makes it a concern.

A customer of an NASD member company who trades his way into huge losses from an inappropriately

risky investment cannot sue the company to recover on suitability grounds unless the company recommended the investment. Clouting the issue is that many on-line companies offer research reports that make recommendations.

The association rule creates a major gap in investor protection, says Lewis Lowenfels, a specialist in securities law at Tolins & Lowenfels, a law office in New York.

Much of U.S. on-line trading is done at association companies. Of the top 15 on-line brokerage companies in the United States, according to Gomez Advisors Inc., eight are NASD members. These include the giants Ameritrade Holding Corp., E*Trade Group Inc.,

Dezek and SureTrade Inc.

"Suitability is one of the main avenues of protection under federal securities laws for investors," Mr. Lowenfels said.

An average of 29 percent of arbitration cases filed with the association each year since 1995 involved investments alleged to have been unsuitable for the customer who bought them, according to the association.

The association says it is re-examining its rule, given the recent surge in on-line trading.

"The technology offered by these firms is very exciting," Mr. Lowenfels said. "With that excitement, shouldn't their responsibilities rise to what the New York Stock Exchange requires?"

Very briefly:

• The Basel Committee on Banking Supervision and the International Organization of Securities Commissions said companies using derivatives should give a clear picture of their activities and the impact on earnings in financial statements.

• Salomon Smith Barney Inc., the investment banking unit of Citigroup Inc., hired Richard Wei from Lehman Brothers Holdings Inc. to head its Asian regional technology research team. Mr. Wei will pay particular attention to technology-related companies in Hong Kong and Taiwan.

• Jeffrey Vinik, a former manager of Fidelity Investments' flagship Magellan Fund who now runs a hedge fund, added several new technology holdings to his portfolio in the fourth quarter, including Compaq Computer Corp., Electronics for Imaging Inc., Rational Software Corp. and Flextronics International Ltd., according to government filings.

• Hang Fung Gold Technology Ltd., a Hong Kong-based maker of jewelry, is planning an initial public offering for a March 19 listing in Hong Kong, making it the fourth company in the region to issue new shares this year.

• Green Line Investor Services Ltd., a unit of the U.S. on-line broker Waterhouse Investor Services Inc., has launched its on-line service in Australia.

Bloomberg

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February 24, 1999

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China Faces Trade Challenge in Its WTO Bid

China has been seeking to join the WTO under terms for developing countries but the United States and Europe say China's markets and economy are far too big to qualify for membership under those terms.

The visit by Mr. Summers was the first in a series of U.S. efforts to put pressure on Beijing to open up its economy, a move that analysts say will be difficult at a time when China's economy is slowing.

Wang Xiaolu, deputy director of the National Economic Research Institute, told the China Daily that China's declining imports had allowed the country to maintain a trade surplus in the face of virtually flat export growth in 1998.

"Due to the negative growth in imports, China maintained a favor-

able balance of trade of more than \$40 billion last year, which contributed heavily to the country's economic growth," he said.

"In addition to weak domestic demand, falling import prices were also an important cause of the decline in imports last year," Mr. Wang said.

"Although China has far surpassed largely unscathed from the Asian financial crisis, its exports saw virtually flat growth in 1998 and foreign investment fell slightly.

The U.S. trade representative, Charlene Barshefsky, said in Washington that the United States would not give special terms for China's admission to the WTO.

She said that while a transition period may be appropriate for China to come into line with WTO regulations, "China needs to move along with the rest of the world."

Reuters
TAIPEI — Acer Inc., the largest computer maker in Taiwan, said Wednesday it would halt retail sales in the United States because of losses and would focus instead on corporate sales.

"The move is to cope with our 1998 losses of \$50 million in our U.S. unit," an Acer spokesman said. "Profit is our top concern now."

The spokesman said sales of its retail family of computers would now be conducted mainly through the Internet — a rising trend among U.S. customers to buy directly from the manufacturer.

Due partly to losses at its U.S. unit, Acer in December cut its 1998 net profit forecast to 2.5 billion Taiwan dollars (\$75.59 million) from 3.5 billion dollars.

The scaled-back profit forecast would represent a 34 percent drop from its 1997 net profit of 3.8 billion Taiwan dollars. Acer has yet to announce its 1998 profit.

Acer made a splash into the U.S. retail market in the mid-1990s by launching slim, pastel-colored PCs.

"We will continue to promote our own brand in the United States through selling computers over the Internet," the spokesman said.

"We also will continue to actively invest in U.S. high-technology firms so that we can get early involvement to develop related new products," he added.

Industry analysts said the new move should help improve Acer's 1999 earnings.

"The U.S. retail computer market is so highly competitive that it is hard to earn any profit, so Acer's strategy is correct," said Albert Lin, a Hotung Securities vice president.

"After the move, we should be able to see improving profit performance of Acer in 1999."

Acer's withdrawal from retail sales is limited to the United States.

Acer shares closed Wednesday in Taiwan 60 cents higher at 37.20 dollars.

Investor's Asia

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Hong Seng

Singapore
Straits Times

Tokyo
Nikkei 225

Exchange	Index	Wednesday Close	Prev. Close	% Change
Hong Kong	Hong Seng	9,577.57	8,433.99	+2.56
Singapore	Straits Times	1,410.96	1,406.43	+0.75
Sydney	All Ordinades	2,934.50	2,924.00	+0.36
Tokyo	Nikkei 225	14,555.45	14,600.95	-1.00
Kuala Lumpur	Composite	553.13	562.79	-1.73
Bangkok	SET	336.17	333.71	+0.74
Seoul	Composite Index	458.42	502.86	-0.89
Taipei	Stock Market Index	6,258.67	6,180.94	+0.94
Manila	PSE	1,894.11	1,958.70	-1.25
Jakarta	Composite Index	402.00	397.94	+1.02
Wellington	NZSE-40	2,205.22	2,234.43	-1.26
Bombay	Sensitive Index	3,287.53	3,283.97	+0.11

HANOI — Vietnam's trade picture has darkened as a newly introduced value-added tax has begun taking its toll, economists said.

The value of overall trade declined 8 percent to \$2.96 billion in the first two months of the year, according to the General Department of Statistics. At the same time, the country's trade deficit shrank 90

percent during the period to \$33 million as imports fell sharply and exports were flat, according to preliminary statistics.

The value-added tax has not only driven up prices of imports but also increased export costs. Exporters are suffering because the value-added tax charged on imports is refunded only when goods are re-exported, causing carrying costs to rise.

Imports in the period plunged 15.4 percent compared with the year-earlier period to \$1.49 billion, while exports rose a modest 0.4 percent to \$1.46 billion.

"Exports are really struggling and most people are hesitating, analyzing the uncertainties of the market and whether they should import," a top government economist said.

Robert Glofcheski, the chief

economist of the United Nations Development Program in Hanoi, said Vietnam's non-tariff trade barriers and weak domestic demand contributed to the decline in imports. Among foreign ventures, exports slumped 8.5 percent and imports dropped 25.7 percent. Economists say that export recovery will depend on its ability to free up its export quota system.

Agence France-Presse
TAIPEI — Taiwan's cabinet approved an economic reform package on Wednesday that combined short-term and long-term measures to bolster the financial markets and boost economic growth.
"The targets of the package are to push for economic reform and pursue economic growth," Prime Minister Vincent Siew said.
He said Taiwan faced tough economic challenges amid fallout from

The package was proposed by the top official economic planning agency, the Council for Economic Planning and Development, after drawing consultations with academics and industry leaders at a conference on Feb. 13.

The new measures include regulations to limit using stocks as collateral, to ensure transparency of information from listed firms and to give the Securities and Futures Commission the power and funds to investigate firms.

Under the new package, laws would be designed to encourage mergers of financial institutions as well as impose a strict reviewing process for capital expansion.

Other measures would be implemented to upgrade local industry and assist small and medium-sized businesses, the backbone of Taiwan's economy, by granting tax exemptions to selected industries in the manufacturing, agricultural and services sectors.

- **DaimlerChrysler AG** denied a Japanese news agency report that it had reached a basic agreement with Nissan Motor Co. to purchase an equity stake in Japan's second largest carmaker. "There is no decision," a DaimlerChrysler spokesman said in Frankfurt.
- **Pohang Iron & Steel Co.**, the state-run South Korean company that is the world's second-largest steelmaker, will seek shareholder approval to issue extra shares if management wants to block a hostile takeover.
- **Daiei Inc.**, Japan's largest supermarket chain, will sell shares in Lawson, its convenience store unit, to generate cash to offset losses from bailing out affiliated real estate companies.
- **China's major airlines** are trying to return to profitability this year by cutting flights, being stingier with discounts and reducing their financial contribution to new aviation facilities. **China Southern Airlines Co.**, **China Eastern Airlines Corp.** and **Air China** all lost money in 1998.
- **PT Telkom**, Indonesia's biggest company and dominant phone company, posted profit of 1.7 trillion rupiah (\$1.92 billion) in 1998, up a better-than-expected 1.5 percent from 1997, as it deferred foreign-exchange losses.
- **AMP Ltd.**, the Australian financial services giant, posted annual operating profit of 1.03 billion Australian dollars (\$658.1 million) in 1998, up 16 percent from 1997. But an extraordinary charge meant the bottom-line result was a loss of 646 million dollars.

Reuters, Bloomberg, AFP

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ART BUCHWALD

Cross Connections

NEW YORK — There was a time when New Yorkers talked to themselves. Now they are talking to their cellular phones. They are not talking into their phones, they are yelling into them. I was on Madison and 50th and a man was screaming.

"Don't scream at me," I said. "I'm not screaming at you," he yelled, holding up his phone.

"I'm screaming at my partner, Arnie. He just sold our entire stock of \$10 misse-pette dresses for \$3.20."

"That's dumb," I said. "Let me speak to him. Arnie, have you lost your mind? Three twenty won't even pay for the dress fabric."

Arnie wanted to know who I was. "I'm a guy on Madison and 50th waiting to cross the street to get a hamburger. I don't have time to talk to you, but if you ever do this again you're out of the firm."

I handed the phone back. It felt good, and I started to look

for other people on their cellular phones I could help.

A man was talking to his mother. "Ma, I can't talk now. So Sarah was rude to you on the phone — sometimes you're rude to her. Ma, I told you never to call me when I'm crossing a major avenue. Where can you call me? I'm heading up Park Avenue, and with any luck I can cross the street at 57th and talk to you at the same time."

"Is that for me?" I asked the man holding the phone.

"No," he said. "It's my mother."

"Let me talk to her," I said. "Ma, I can't come to dinner on Friday. I have to go to a Writer's Guild meeting."

"I know you're not my mother. You don't have to get huffy about it. I'll come next Friday. Your son is a fine boy. He's the only one who calls his mother from 5th and 59th. Everyone else is using up his battery to call the office."

At 3d and 67th a man handed me his phone. "It's my bookie. He wants to know when I'm paying him the \$300 I owe him."

I took the phone. "He's away from his desk. Leave a number; he'll call you back."



Art Buchwald

An All-Nighter for a Monet Exhibit

The Associated Press

LONDON — An exhibit of late paintings by Claude Monet has been so popular that the Royal Academy of Arts will stay open all night before the show's final day.

The museum anticipates that it will have sold out all 600,000 tickets by the time the show closes April 18, so it has decided to keep its doors open through the night of April 17 to allow another 8,000 visitors. An advance booking system lets 800 people at a time see the Impressionist show.

"I think it is only the second time in Europe that an art exhibition has been open all night," an Academy spokesman said Tuesday. "There was one for 'Vienna 1900' at the Pompidou Center in Paris about 10 years ago."

The "Monet in the 20th Century" show, whose 79 works depict the artist's garden at Giverny and views of London and Venice, has had 210,000 visitors since it opened.

A Casting Star Tries Out for the Director's Role

By Margy Rochlin
New York Times Service

LOS ANGELES — In 1973, Risa Braham Garcia turned her first nobody into a star. His name was Martin, and she did not care that he had no acting experience. Garcia's instincts told her that he could play the kind of guy you would want to wash right out of your hair.

"It's not just that he had presence," said Garcia, who was then 16 and directing a high school production of "South Pacific." "He had a beautiful singing voice. I knew that because he used to sit behind me in history class and hum."

Now 42, Garcia still has ears and eyes for talent. Over the past 15 years she has become a top casting director in Hollywood, where it is part of her legend that she persuaded the director John Hughes to give Macaulay Culkin his first job in "Uncle Buck" and nagged Jan De Bont until he let Sandra Bullock drive the bus in "Speed."

With "200 Cigarettes," which opens Friday in the United States, Garcia had only herself to direct. The 94-minute romantic comedy marks her debut as a feature film director, a career consolidation that, for her, is long overdue.

"I always thought of casting as my waitress job," Garcia said. "I spent years discovering people so that everyone else could make money and become successful while I got to go home and wonder, 'How do I fulfill myself creatively?' Maybe that sounds horribly selfish or self-serving, but it's really not the case. I got tired of it."

Written by Shana Larsen, "200 Cigarettes" is a comedy about young partygoers variously making their way to a downtown loft to celebrate New Year's Eve, 1981. The film opens with a couple squabbling in the back seat of a garishly decorated taxi as it whizzes by their destination.

Even with eyes closed, any self-

respecting teenager will know that the rasping voice of one passenger belongs to the rock star Courtney Love, who is following up her knowingly raunchy turn in "The People vs. Larry Flynt" by playing a talkative coquette.

Members of the video-clip generation, though, will no doubt become aware that Love appears in "200 Cigarettes" weeks before they pay their movie tickets. "200 Cigarettes" was produced not just by Dogstar Films and Lakeshore Entertainment but also by MTV Films, a division of MTV: Music Television, which is a unit of Viacom.

In other words, Garcia's movie was made and will be promoted in a manner that is straight out of the vertical integration handbook.

Formed in 1995, MTV Films develops projects that tap into the tastes of 15- to 25-year-olds. Be it a mega-hit like "Beavis and Butt-Head Do America" or a blink-and-you'll-miss-it flop like "Dead Man on Campus," everything on MTV Films' slate is given blitzkrieg promotional treatment on the MTV channel.

By the time the half-hour special for the "200 Cigarettes" red-carpet premiere is shown on both MTV and its older-siblings VH-1, regular viewers will have no doubt become familiar with a pair of "200 Cigarettes" signature rock videos and committed to memory the series of 30-second "200 Cigarettes" spots combining interviews and behind-the-scenes footage.

That will help them sort out the 16 principal "200 Cigarettes" players, including Love, the teen crush-magnet Ben Affleck and his brother, Casey, Christina Ricci and her real-life best friend, Gaby Hoffman, Janeane Garofalo, Martha Plimpton, Paul Rudd and Goldie



Risa Braham Garcia is making her directing debut with "200 Cigarettes."

Hawn's 19-year-old daughter, Kate Hudson.

Few movies made in 33 wintry evenings for a paltry \$6.5 million can flaunt so much hipster star wattage. But Garcia's ability to fill up the movie theater marquee, after all, was one of MTV Films' prime incentives in taking a chance on the fledgling filmmaker.

"Risa's passion for the material attracted us to her," said Van Toffler, MTV Films' executive vice president. "The other thing was her relationship to the talent. She's given a lot of people their first jobs. And through her rela-

tionships she could just call them up and say, 'Hey, I need you for a couple of days on "200 Cigarettes."'

On a side note, Toffler admitted to doing some casting of his own, talking the singer Elvis Costello into putting in a cameo appearance in "200 Cigarettes" and serving as musical consultant.

"I think it's called begging," Toffler said.

With so much riding on her connections, Garcia went about structuring a star-seducing production schedule that kept no performer from more lucrative commitments

for more than two and a half weeks.

The next thing she knew, Garcia was on location at the Ace Bar on Manhattan's East Fifth Street in the wee hours of the morning, standing behind the camera, cajoling Affleck into improvising self-mocking soliloquies for scale wages. "With every take, Ben would say: 'Risa! Please! Say 'out' already! I'm making such a fool of myself,'" Garcia said, laughing.

To directors like De Bont, it is no news that Garcia got Affleck to throw himself into his part as an offish bartender. Having often employed her during her casting-director days, De Bont knew what Garcia could do with even an unknown quaking before her at an audition.

"She'd pull things out of them that they'd never do for me," De Bont said. "She has this uncanny way of playing with actors, getting them to open up."

Early on in "200 Cigarettes," a young blond ingenue makes her entrance wearing a demure all-pink outfit and an expression of guileless uncertainty. For a few moments, she simply darts between her apartment building doorway and a taxi idling outside and then back again.

The actress, Kate Hudson, is not instantly identifiable, but there is something winning about how she sails through this bit of daffy business, managing to evoke her mother, Goldie Hawn, yet also seem nothing like her at all.

"Kate's getting discovered from this movie — and I love that," said Garcia, who can recall every detail about Hudson's audition. "I swear to God, after she said three words, I knew she was exactly right." Can she explain what it felt like to know that she was the director who would benefit from precision casting? "Delicious," Garcia replied.

PEOPLE

THE ACTOR Nigel Hawthorne had a little flashback to his television stardom in "Yes, Minister" as he was knighted by Queen Elizabeth II. "The gentlemen in front and behind me were senior civil servants, so I was in good company," said Hawthorne, who played the imperious civil servant Sir Humphrey Appleby on television in "Yes, Minister" and "Yes, Prime Minister." "But I played King George III — and I didn't get crowned today," he joked. Hawthorne, 70, said the ceremony Tuesday at Buckingham Palace was less intimidating than an Academy Awards night. "The Academy Awards are very disconcerting because you are in competition," Hawthorne said, "whereas here you feel that you are among friends and you know you've already got the award."

As Crown Prince Naruhito of Japan celebrated his 39th birthday Tuesday, he said he felt pressured to produce an heir after nearly six years of marriage. Naruhito, the son of Emperor Akihito

and Empress Michiko, is next in line for the throne. He married Crown Princess Masako in 1993 and they have no children. Asked by reporters about expectations for the birth of a son, Naruhito said, "I fully recognize the degree to which the people are interested in this, and the importance of the matter." Under the imperial household law, only male descendants of the male line of the imperial family may become emperor.

Vice President Al Gore and his wife, Tipper, are soon to become grandparents. The Gores' daughter, Karennia

Gore Schiff, 25, and her husband, Drew, 33, are expecting a baby in late June. "Al and I are thrilled about the prospect of becoming grandparents for the first time," Tipper Gore said in a statement.

The new Australian ambassador to Denmark, Stephen Brady, has introduced his partner, Peter Stevens, to Queen Margrethe, the Danish tabloid Extra Bladet reported Wednesday. It was the first time an envoy had officially introduced his homosexual partner to the royal family. In 1989, Denmark became the first nation in the world to allow civil marriages between homosexuals.

The model Claudia Schiffer has donated \$2 million to build homes for Honduran victims of the hurricane designated Mitch. The donation will fund the construction of 112 homes, officials said. The hurricane struck Central America in late October, killing more than 9,000 people and destroying hundreds of thousands of homes.

Disney's 'Mulan' Premieres in Shanghai

The Associated Press

SHANGHAI — Disney's "Mulan," which had been rejected last year by China's cultural mandarins, has premiered in the homeland of its cartoon heroine.

The film, which opened Tuesday, is based on a Chinese tale about a woman who disguises herself as a man to replace her father in battle.

China allows in only 10 foreign films a year to protect its own industry, and Disney had angered it two years ago with Martin Scorsese's "Kundun," a film about Chinese rule in Tibet that was sympathetic to the Dalai Lama.

"Decisions on importing foreign movies usually relate to political and cultural considerations," the official Xinhua news agency said last month in announcing that the censors had reversed their position.

The movie will show for one month in Shanghai, possibly longer if it is a success. It is also expected to show in Beijing and other cities, although it was not immediately clear when.



GHOU ON THE WALL — Roman Polanski, director of the 1967 "Fearless Vampire Killers," looking at a mask of the "Dracula" legend Bela Lugosi in a new vampire museum in Vienna's Raimund Theater.

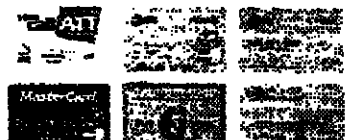


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Airbus Loses \$200 Million Because of Price War

Manufacturer Sells First 7th Mitsubishi for New Business in Japan

NEW YORK — Airbus lost \$200 million because of a price war with Boeing Co. in the

competition for the 747-400, the largest

commercial jetliner in the world.

The loss was disclosed Tuesday by

Airbus, which said it had sold the

747-400 for \$125 million, a price

that was 20 percent below the

price it had originally set. The loss

was the result of a price war with

Boeing, which had lowered its price

to match Airbus' price. The loss was

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